Research Roundup: Arizona Tourism in 2007
Arizona Governor's Conference on Tourism
July 10, 2008

Presented by: AOT Research Division

Total Visitation to Arizona in 2007:

35.2 million

Economic Impact

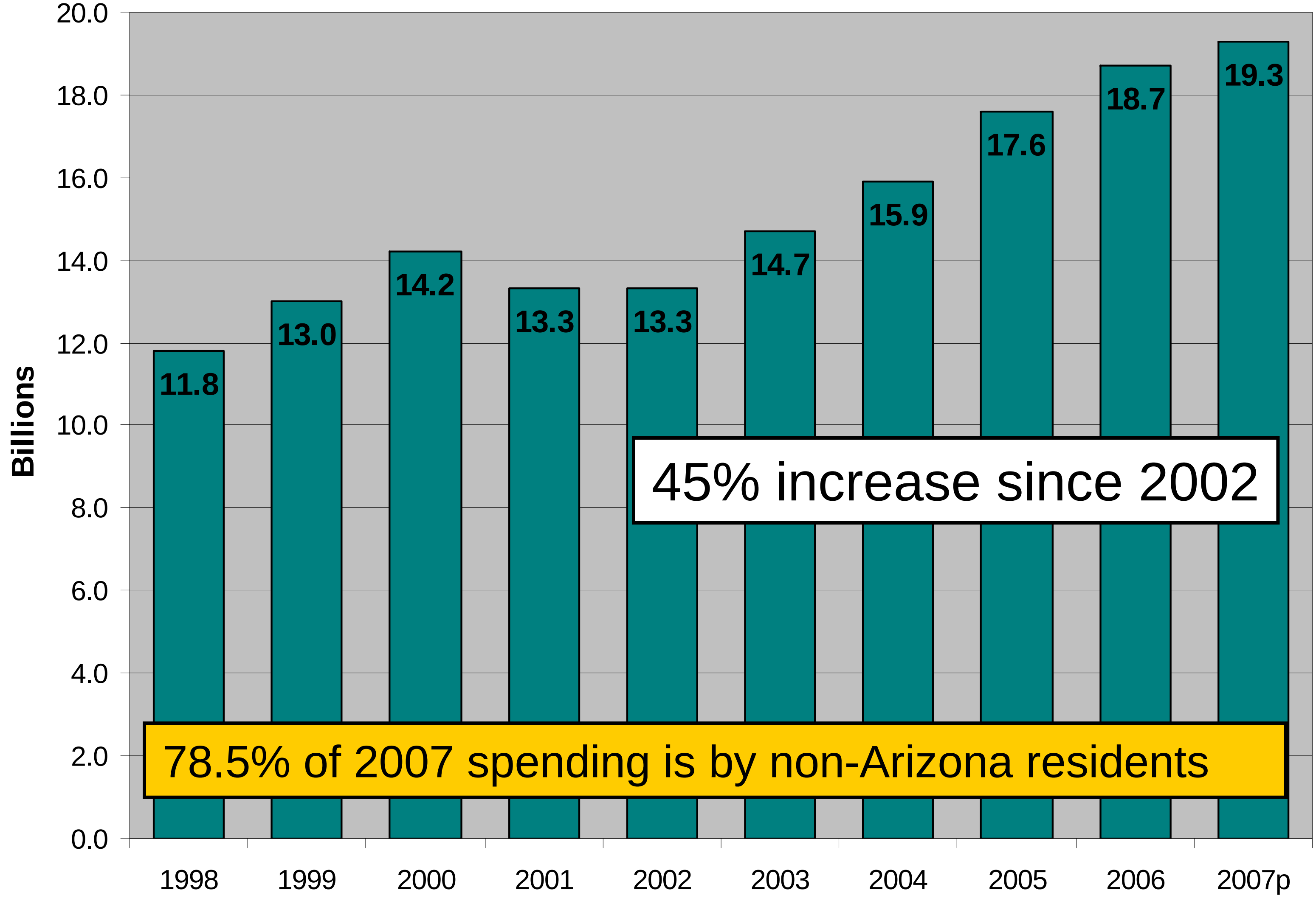
- Direct spending of $19.3 billion generated:
  - 171,500 direct jobs
  - $5.1 billion direct earnings
  - $2.7 billion in local, state and federal tax revenues

Arizona Travel Trends, 1998-2007p

	Spending ($Billion)	Earnings ($Billion)	Employment (Thousand)	Tax Revenue ($Million) Local/State	Federal	Total
1998	11.8	3.2	148.8	941	630	1,571
1999	13.1	3.5	158.1	1,043	702	1,746
2000	14.2	3.8	163.3	1,138	744	1,882
2001	13.4	3.7	153.3	1,082	777	1,859
2002	13.3	3.6	148.2	1,101	825	1,926
2003	14.7	4.0	158.2	1,211	912	2,122
2004	15.9	4.3	163.0	1,287	988	2,275
2005	17.6	4.5	168.8	1,399	1,081	2,479
2006	18.7	4.9	172.0	1,464	1,176	2,640
2007p	19.3	5.1	171.5	1,503	1,236	2,739
Annual Percentage Change						
06-07p	3.2	5.0	-0.3	2.7	5.1	3.7
98-07p	5.6	5.3	1.6	5.3	7.8	6.4

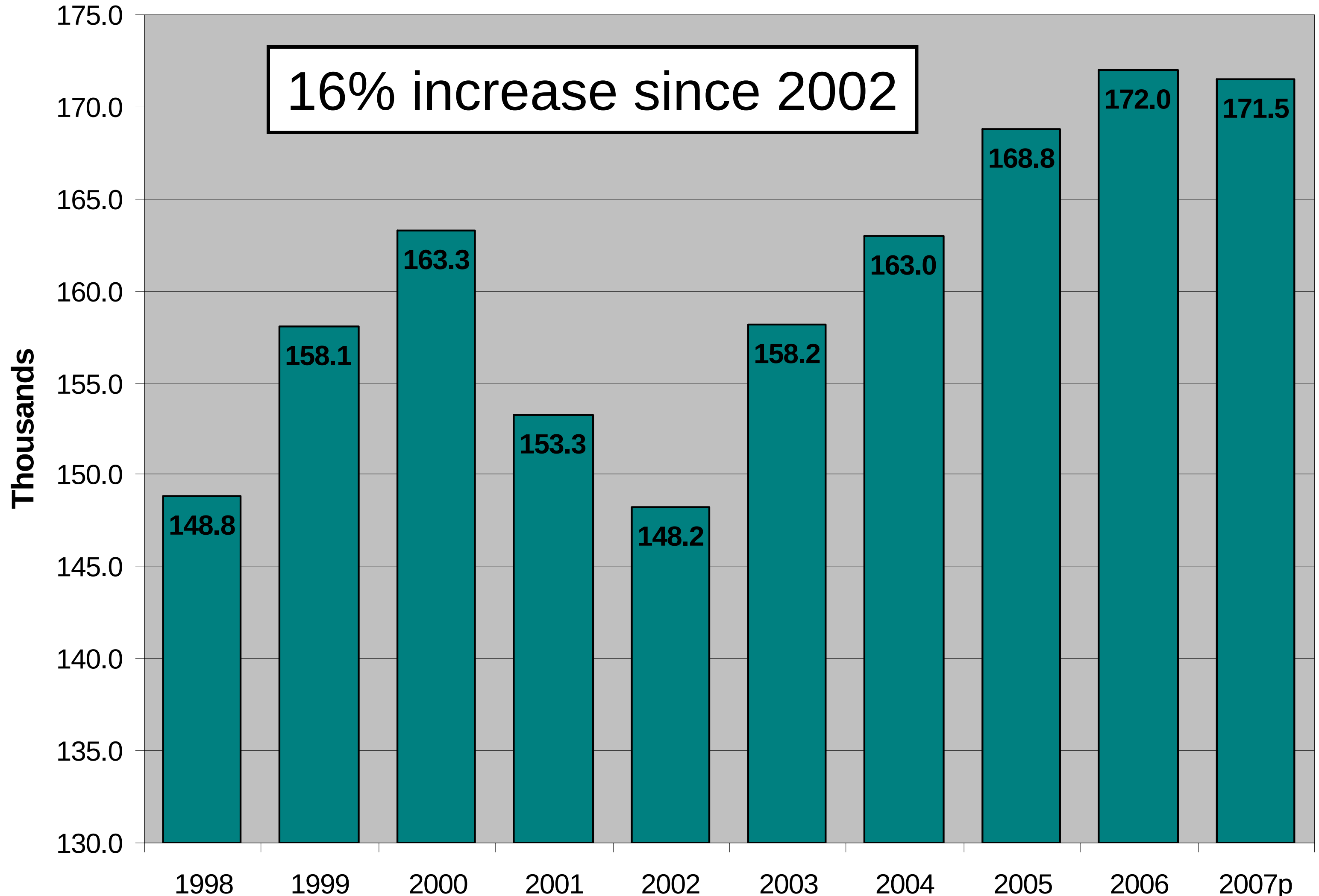
Source: Dean Runyan Associates

Traveler Spending in Arizona



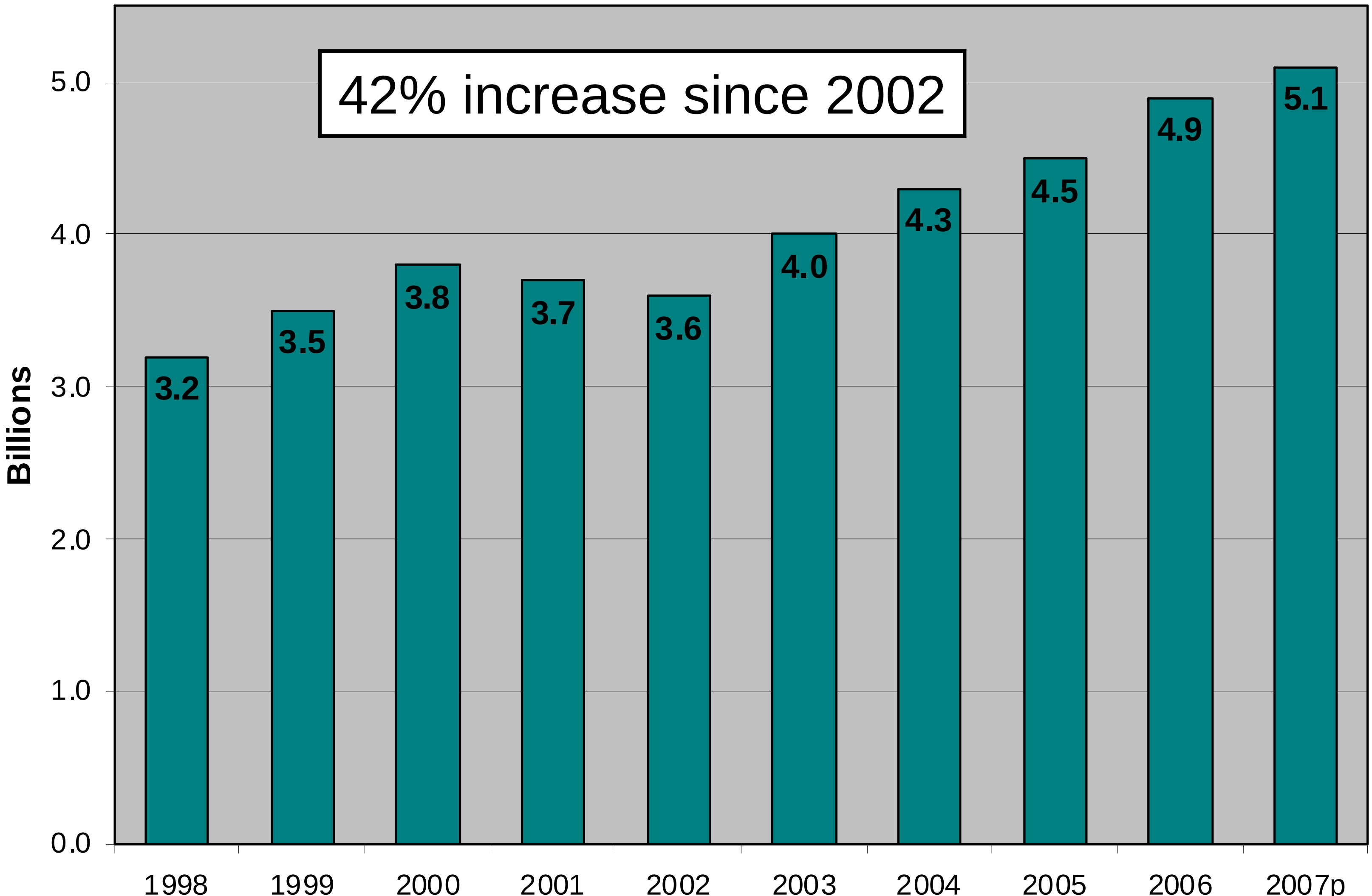
Source: Dean Runyan Associates

Direct Travel Employment in Arizona



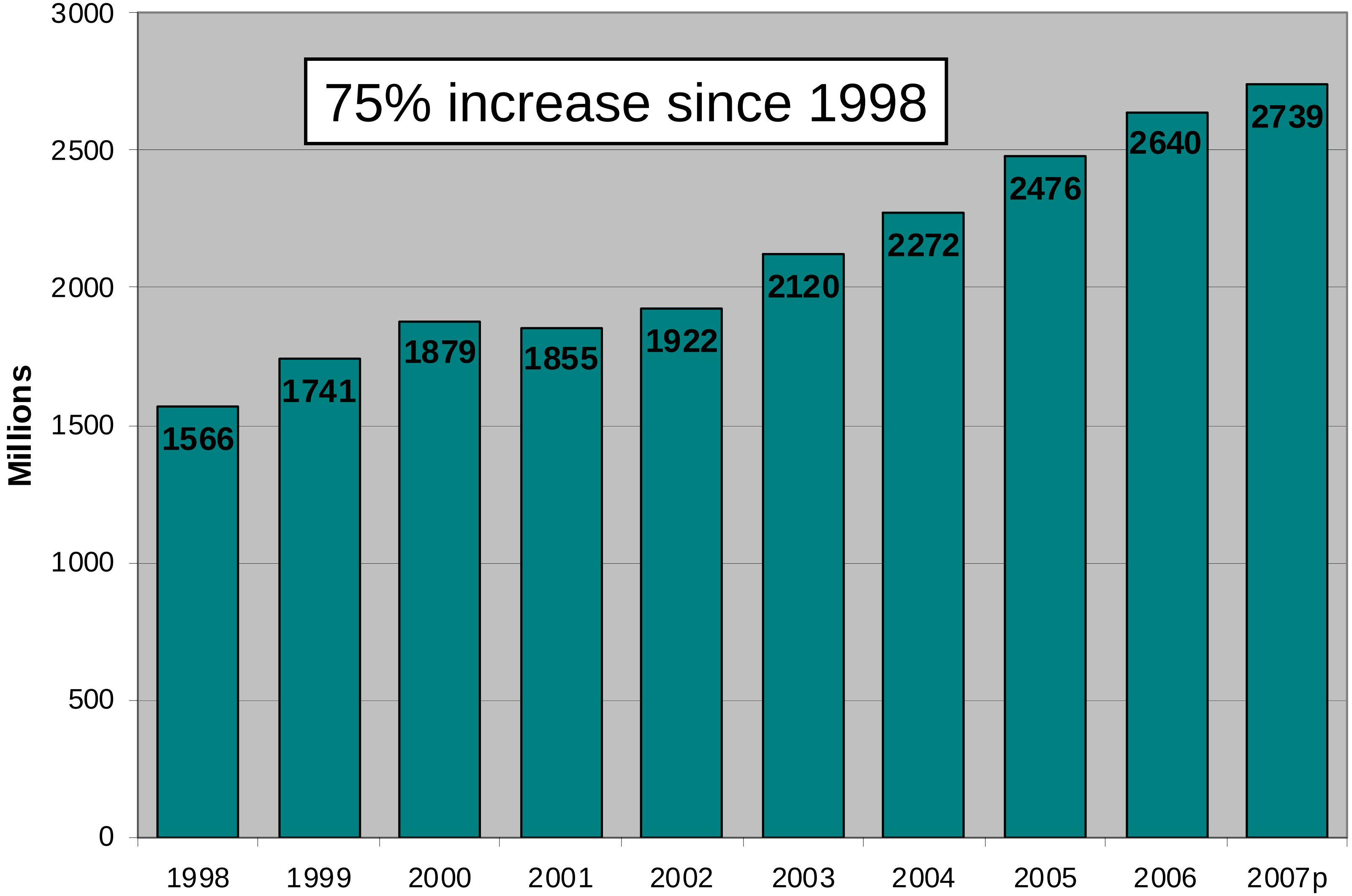
Source: Dean Runyan Associates

Direct Travel Earnings in Arizona



Source: Dean Runyan Associates

Local, State and Federal Tax revenue generated by Direct Travel Spending in Arizona



Source: Dean Runyan Associates

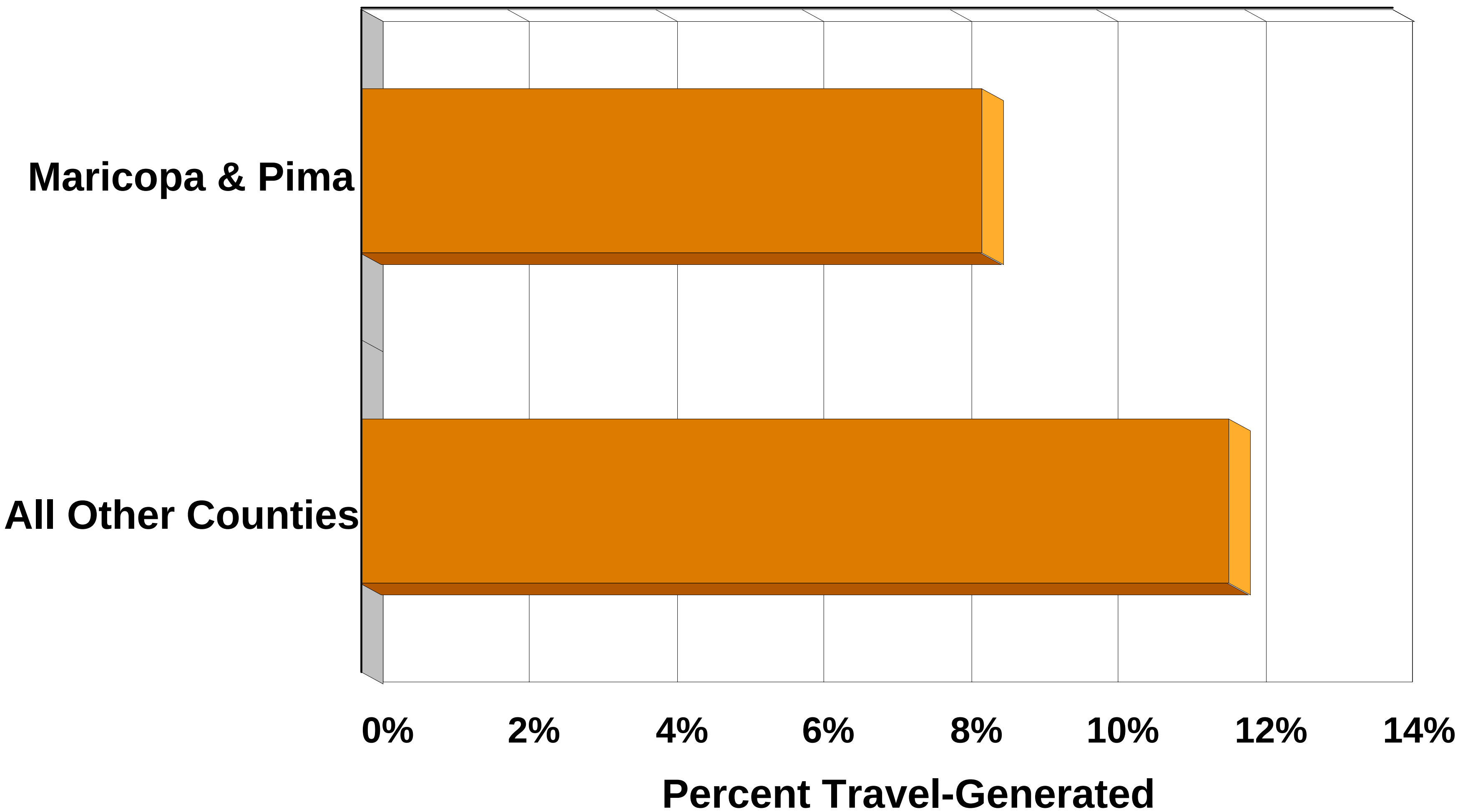
County Travel Impacts

2007p Arizona County Travel Impacts

	Travel Spending	Related Travel-Generated Impacts				
	Total ($Million)	Earnings ($Million)	Employment (jobs)	Local Taxes ($Million)	State Taxes ($Million)	Total Taxes ($Million)
Apache	144	30	1,720	3.1	5.5	8.7
Cochise	351	81	4,460	11.8	12.8	24.6
Coconino	921	254	10,760	26.9	35.4	62.3
Gila	248	62	2,860	3.3	7.2	10.5
Graham/Greenlee	48	12	1,180.0	1.2	2.0	3.2
La Paz	216	31	1,330	2.2	8.9	11.0
Maricopa	12,370	3,395	94,250	337.8	392.2	730.0
Mohave	464	109	5,220	9.6	19.0	28.6
Navajo	292	67	3,270	6.2	11.0	17.1
Pima	2,230	566	24,540	48.6	85.8	134.4
Pinal	453	111	4,660	8.5	17.1	25.6
Santa Cruz	249	47	1,990	5.0	8.0	13.1
Yavapai	722	196	9,140	16.6	24.7	41.3
Yuma	590	140	6,160	14.0	22.1	36.1
Arizona	19,299	5,101	171,540	494.8	651.6	1,146.5

Source: Dean Runyan Associates

State Transaction Privilege Taxes Generated by Direct Travel Spending, 2007p



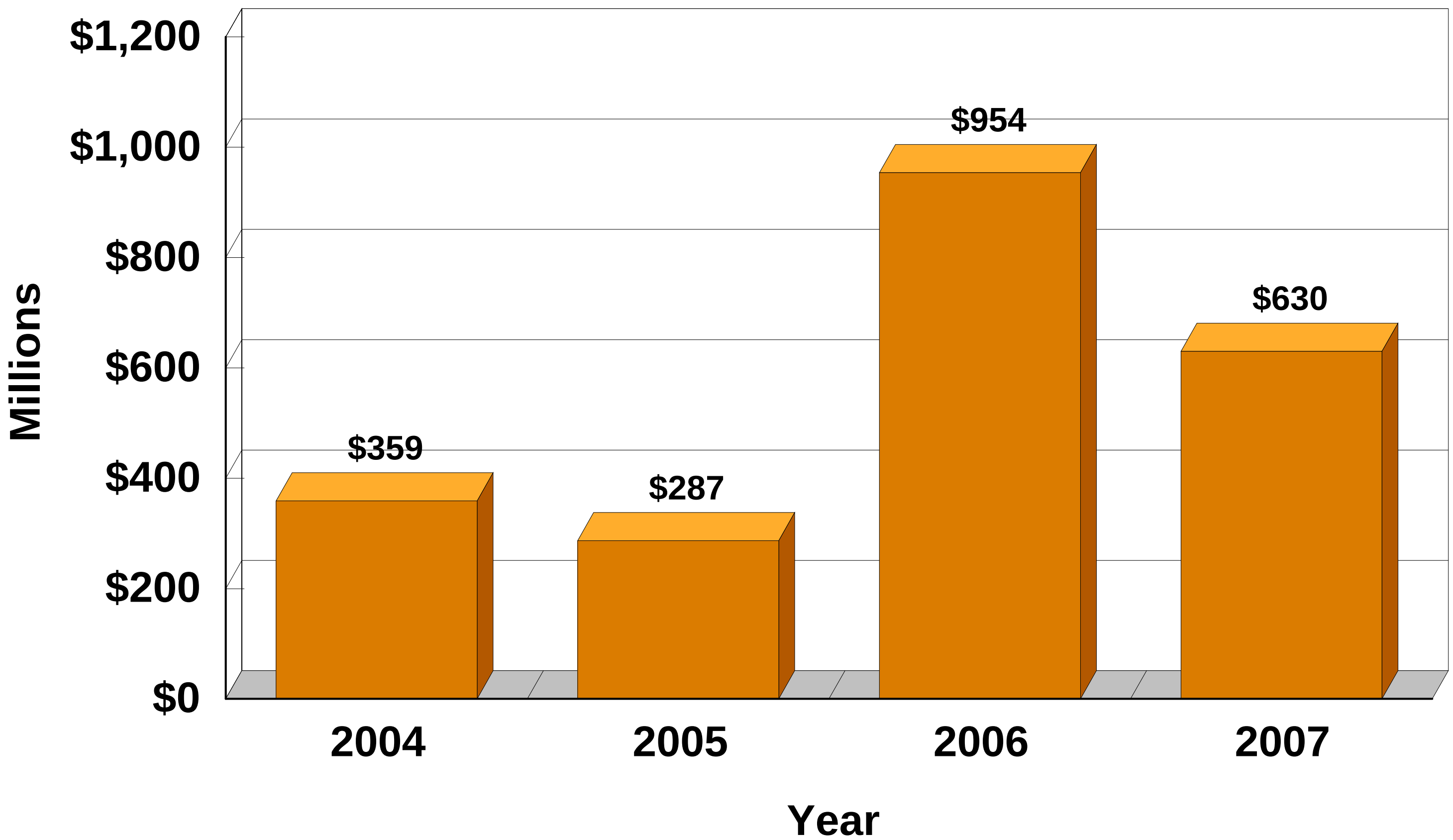
Source: Dean Runyan Associates and Arizona Department of Revenue.

Arizona County Total Travel Spending, 1998-2007p
($ Millions)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007p	Annual Percent Chg. 06-07p	98-07p
Apache	80	94	109	101	100	107	113	129	138	144	4.2	6.8
Cochise	207	234	258	253	271	279	302	320	328	351	7.1	6.1
Coconino	675	715	741	694	691	741	788	843	870	921	5.8	3.5
Gila	179	189	206	204	204	213	221	233	242	248	2.5	3.7
Graham/Greenlee	23	26	31	28	28	30	32	36	45	48	6.4	8.3
La Paz	126	146	162	160	158	175	186	208	210	216	3.1	6.2
Maricopa	7,327	7,989	8,779	8,176	7,979	9,069	9,888	11,069	11,908	12,370	3.9	6.0
Mohave	249	291	322	315	315	361	397	435	483	464	-3.9	7.2
Navajo	179	213	240	220	221	229	238	260	284	292	3.1	5.6
Pima	1,552	1,725	1,876	1,738	1,788	1,885	2,019	2,197	2,260	2,230	-1.3	4.1
Pinal	206	236	263	257	257	291	323	365	407	453	11.3	9.2
Santa Cruz	206	226	237	237	298	262	272	274	254	249	-1.9	2.1
Yavapai	426	579	558	543	540	581	590	642	685	722	5.4	6.0
Yuma	371	407	444	434	485	501	533	567	588	590	0.3	5.3
Arizona	**11,806**	**13,071**	**14,225**	**13,361**	**13,333**	**14,725**	**15,903**	**17,578**	**18,701**	**19,299**	**3.2**	**5.6**

Source: Dean Runyan Associates

Value of Travel-Related New Construction in Arizona, 2003-2007



Note: The reported value is the sum of 100% of hotels and motels; 50% of amusement, social and recreational buildings; and 10% of stores and restaurants. The value of new construction represents the value of contract awards in place rather than the value work completed.

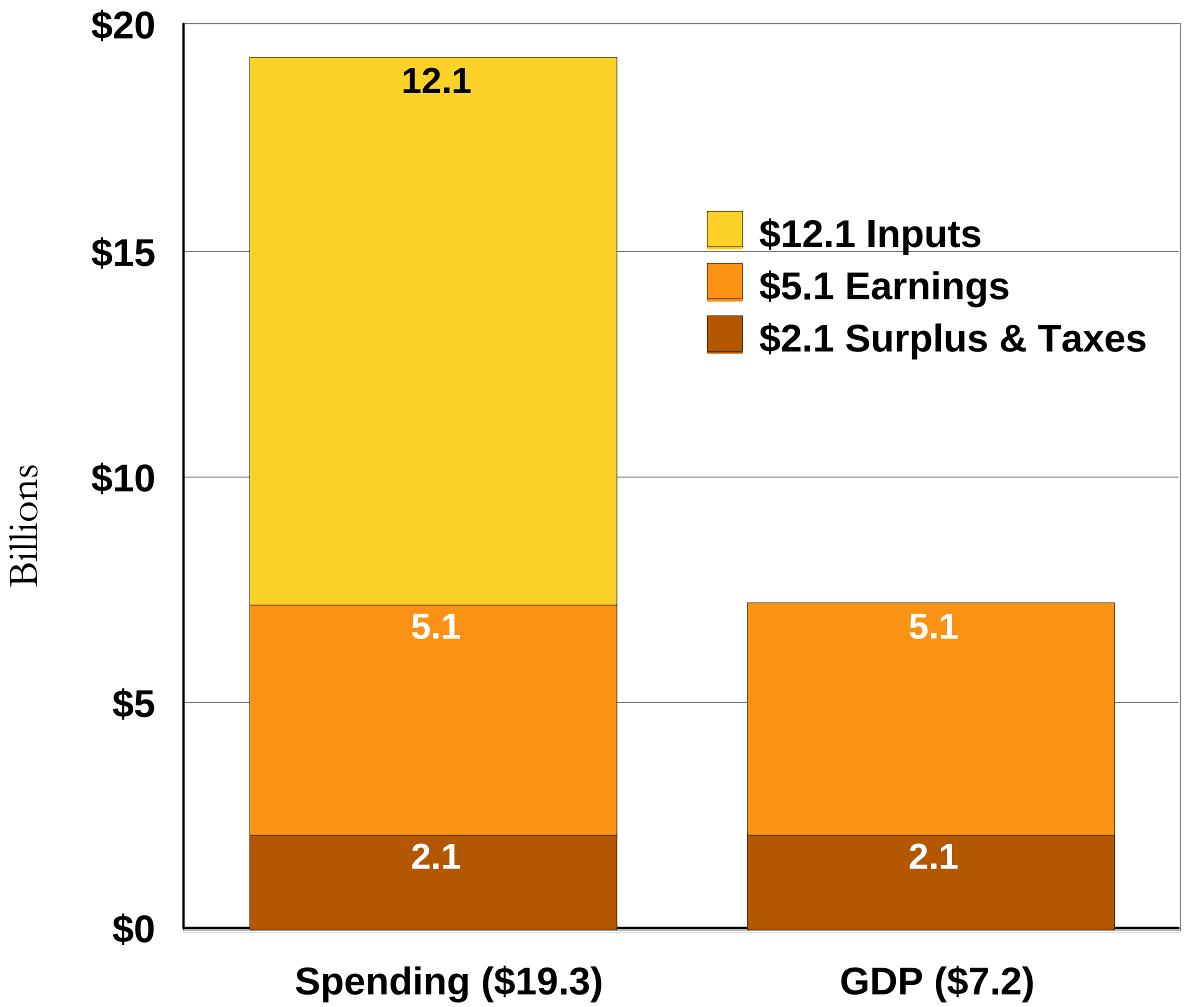
Source: Dean Runyan Associates & McGraw-Hill Dodge Construction

Gross Domestic Product

Earnings
+Indirect Business Taxes (sales & property)
+Operating Surplus (including profits)
=GDP

GDP measures only the "value added" of an industry and does not include the cost of inputs necessary to produce a good or service.

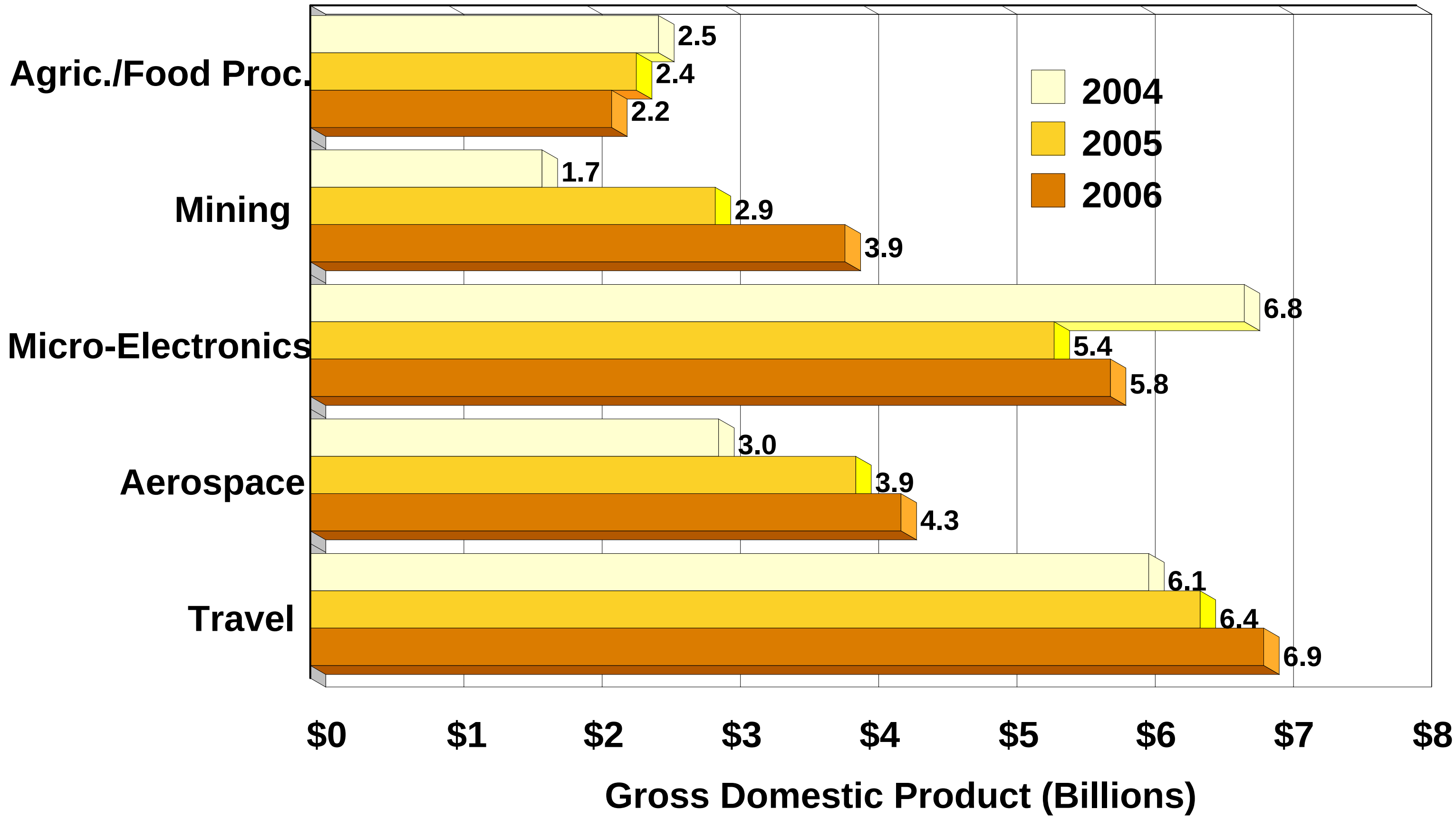
Arizona Travel Spending and Gross Domestic Product, 2007p



Source: Dean Runyan Associates

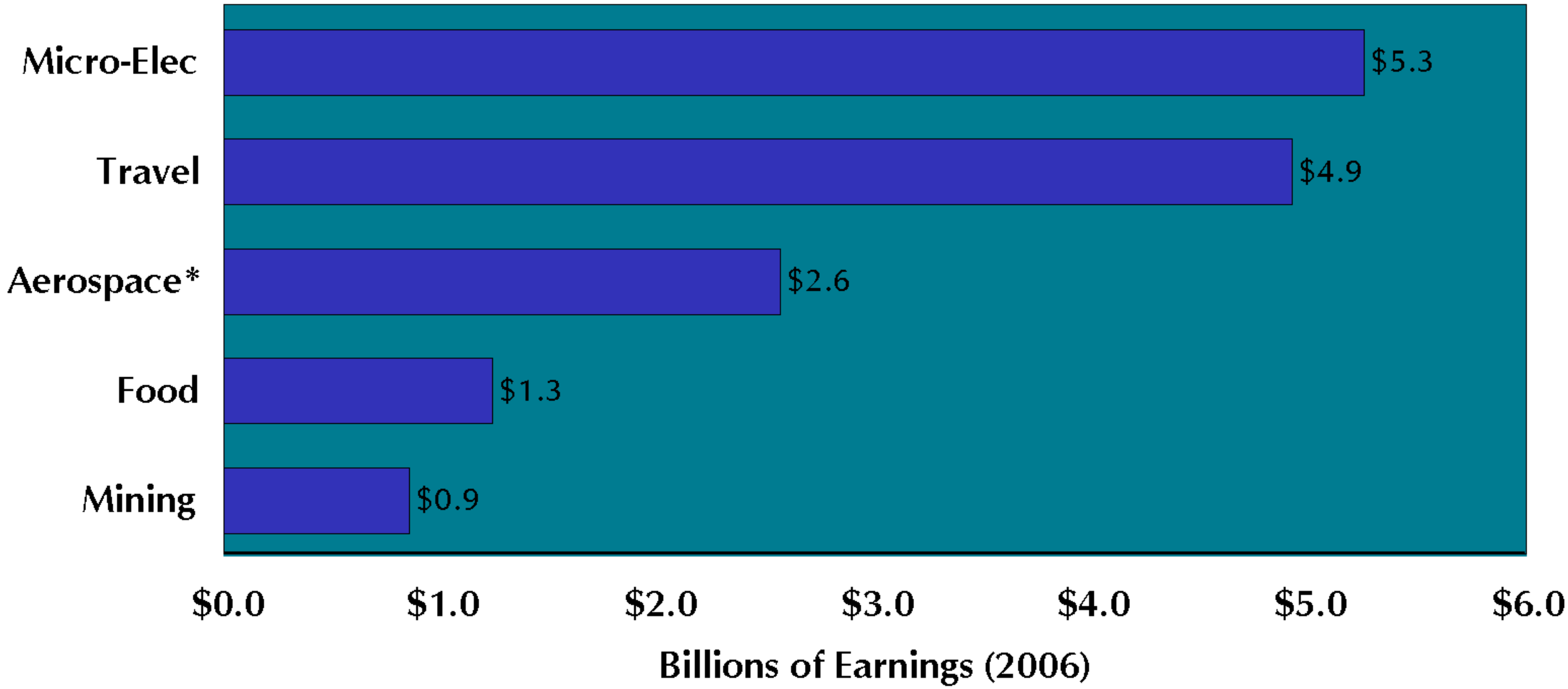
Arizona Gross Domestic Product, 2004-2006

Selected Export-Oriented Industries



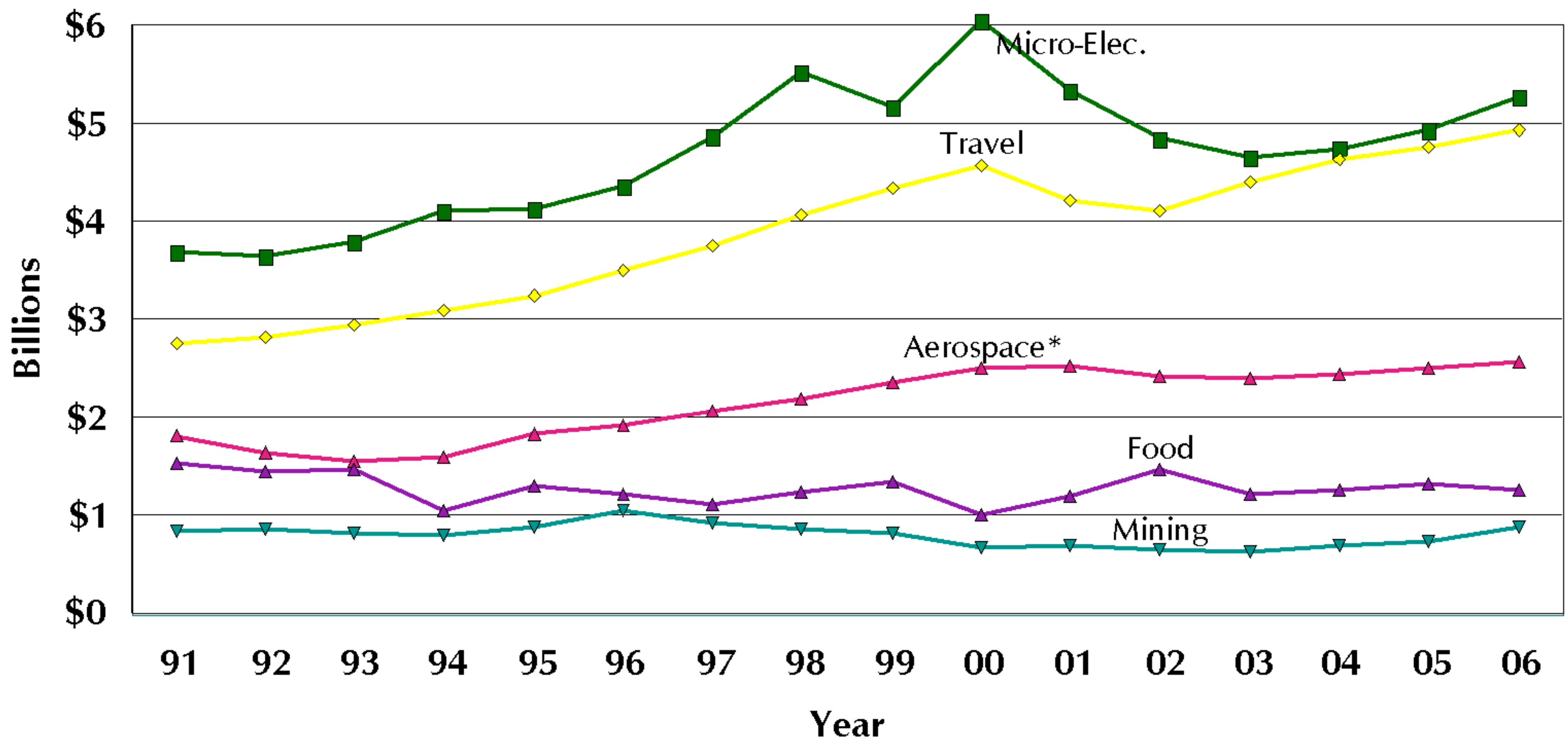
Source: Dean Runyan Associates

Earnings, Selected Arizona Export-Oriented Industries, 2006



*Aerospace Earnings estimated by Dean Runyan Associates from payroll data.
Sources: Bureau of Economic Analysis, U.S. Department of Commerce and Dean Runyan Associates, Inc.

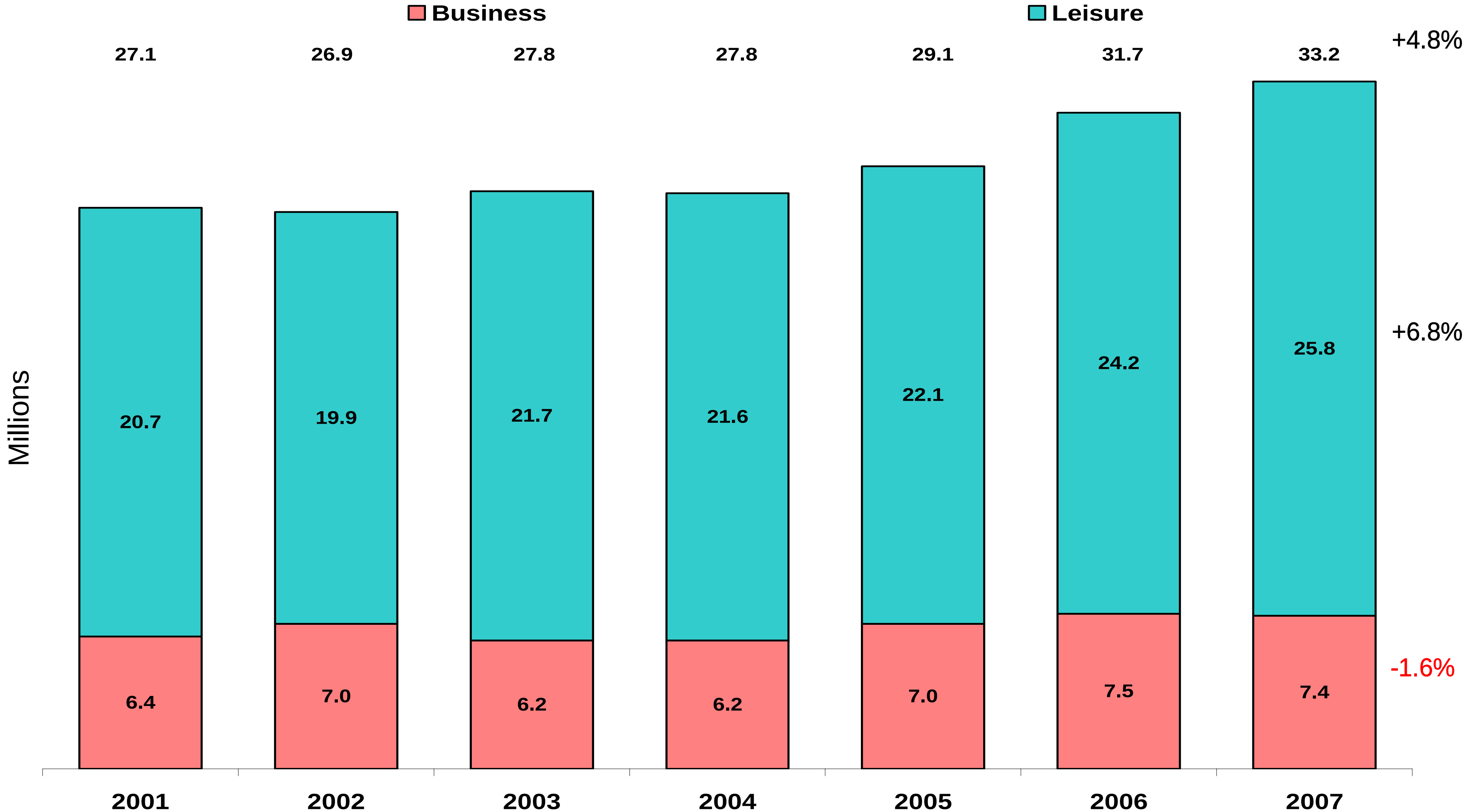
Annual Earnings, Selected Industries
1991-2006 Constant (2006) Dollars



Sources: Bureau of Economic Analysis, Bureau of Labor Statistics and Dean Runyan Associates, Inc.

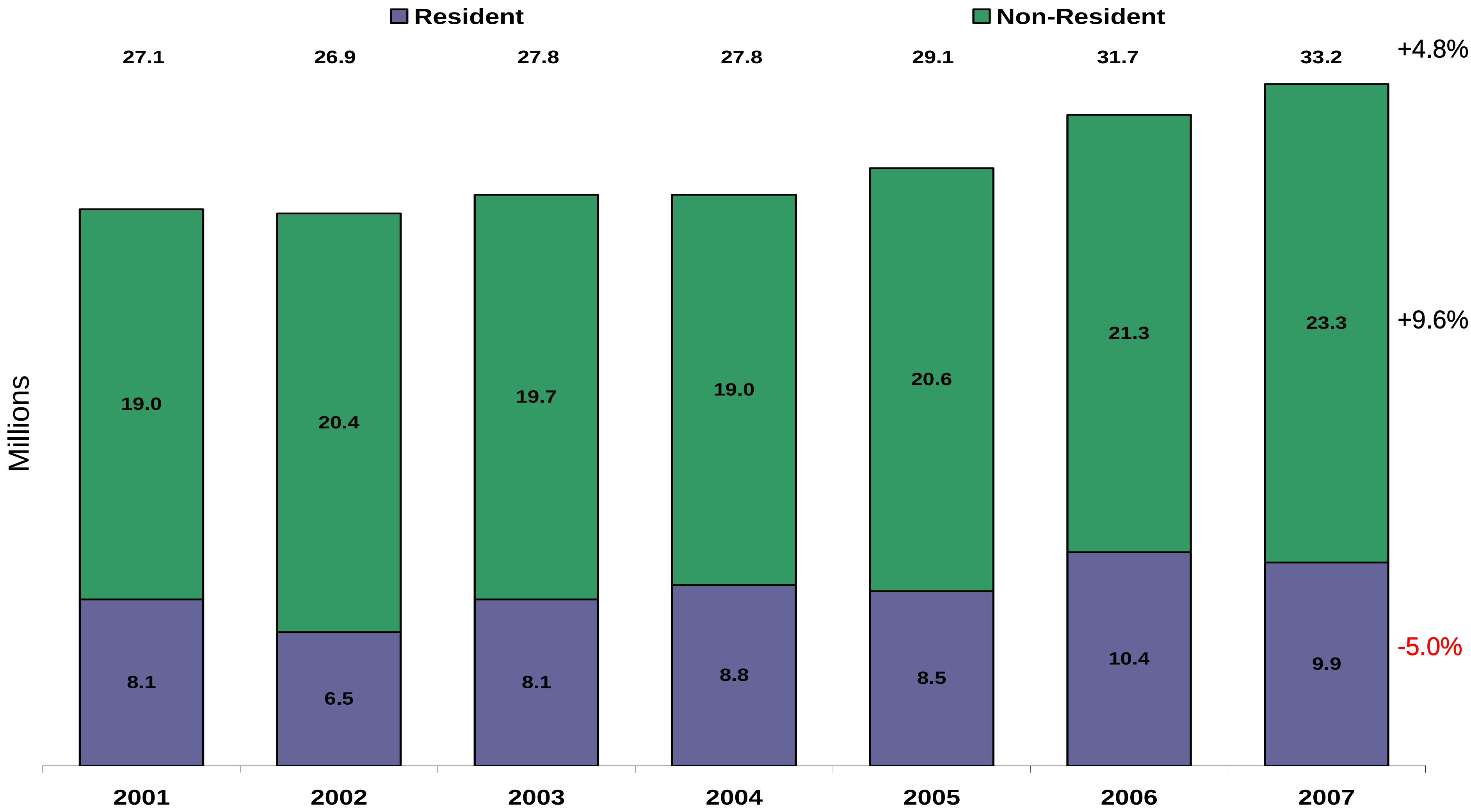
Domestic Visitation

Arizona Domestic Overnight Person-Stays Volume



Source: D.K. Shifflet & Associates

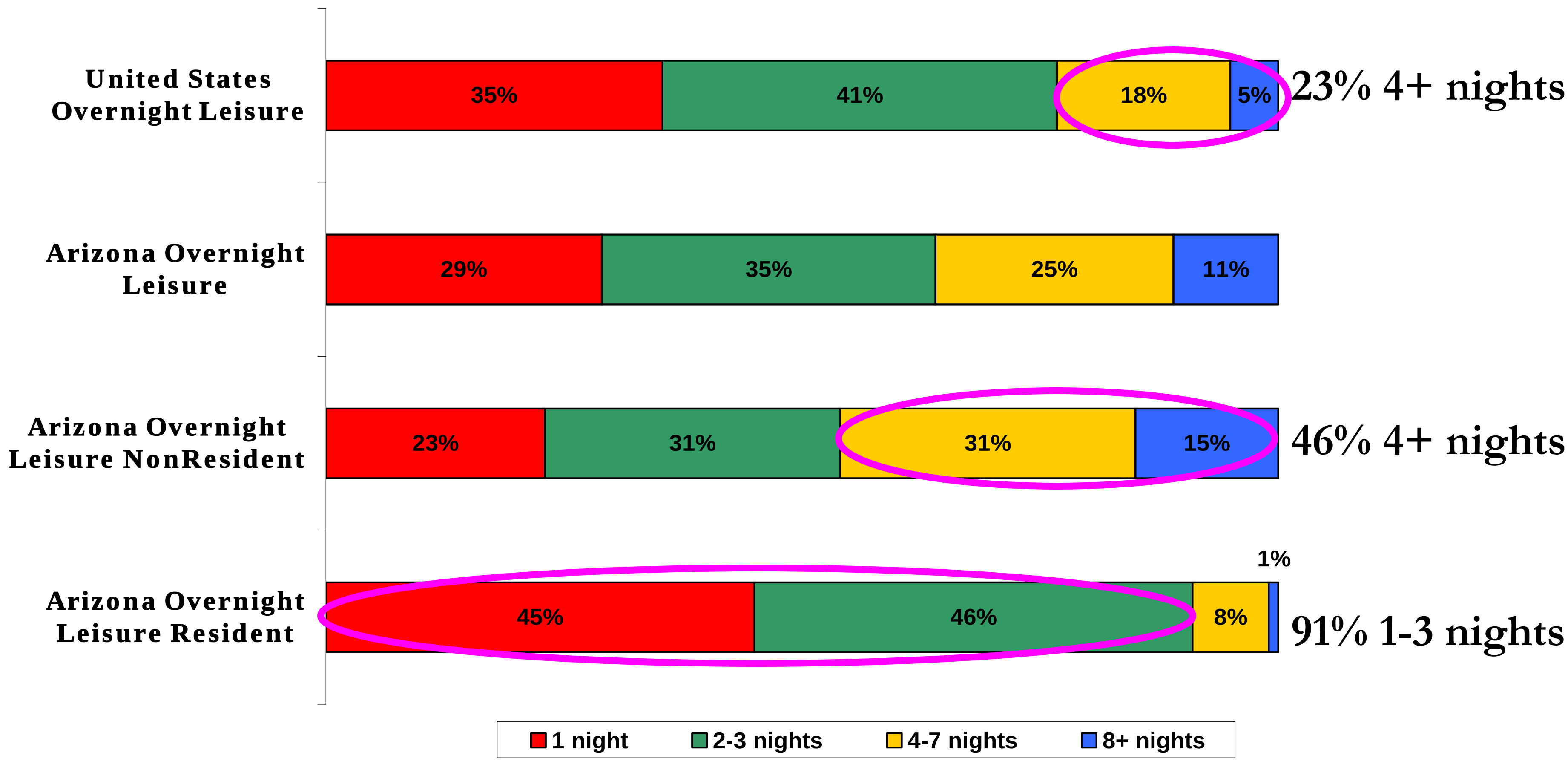
Arizona Domestic Overnight Person-Stays Volume



Source: D.K. Shifflet & Associates

Domestic Overnight Leisure Visitation

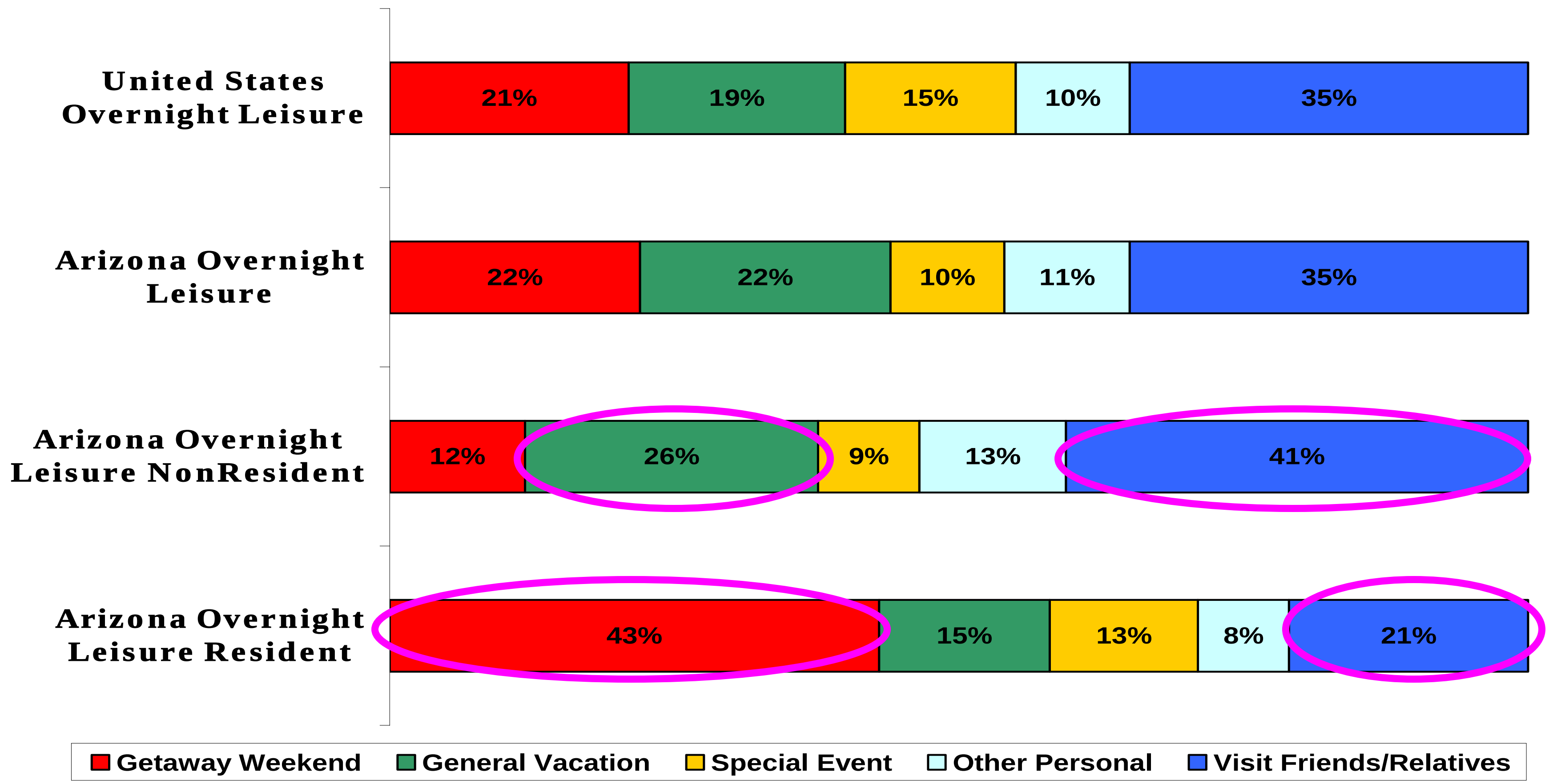
LENGTH OF STAY DISTRIBUTION



Source: D.K. Shifflet & Associates

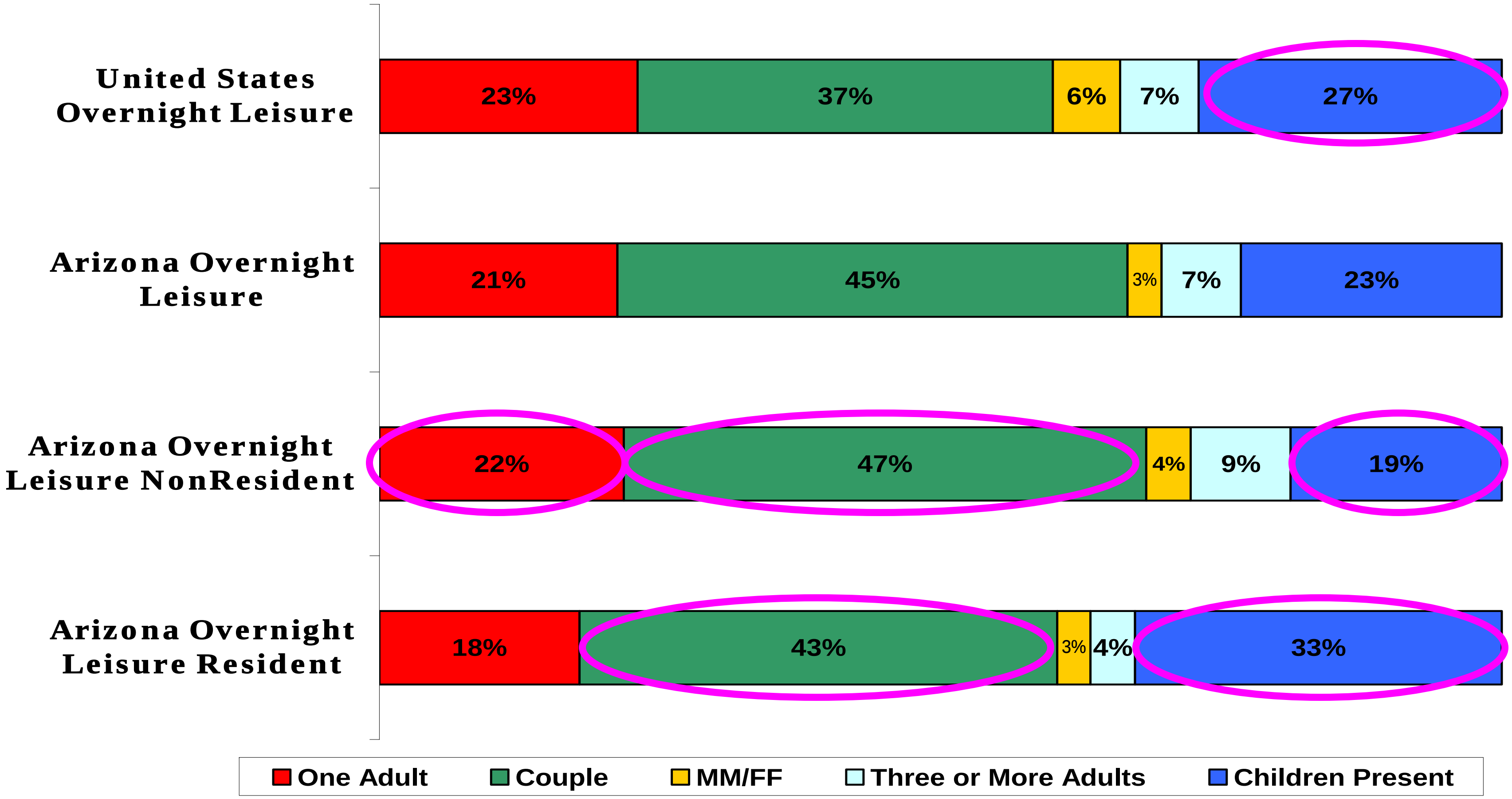
Domestic Overnight Leisure Visitation

PURPOSE OF STAY DISTRIBUTION



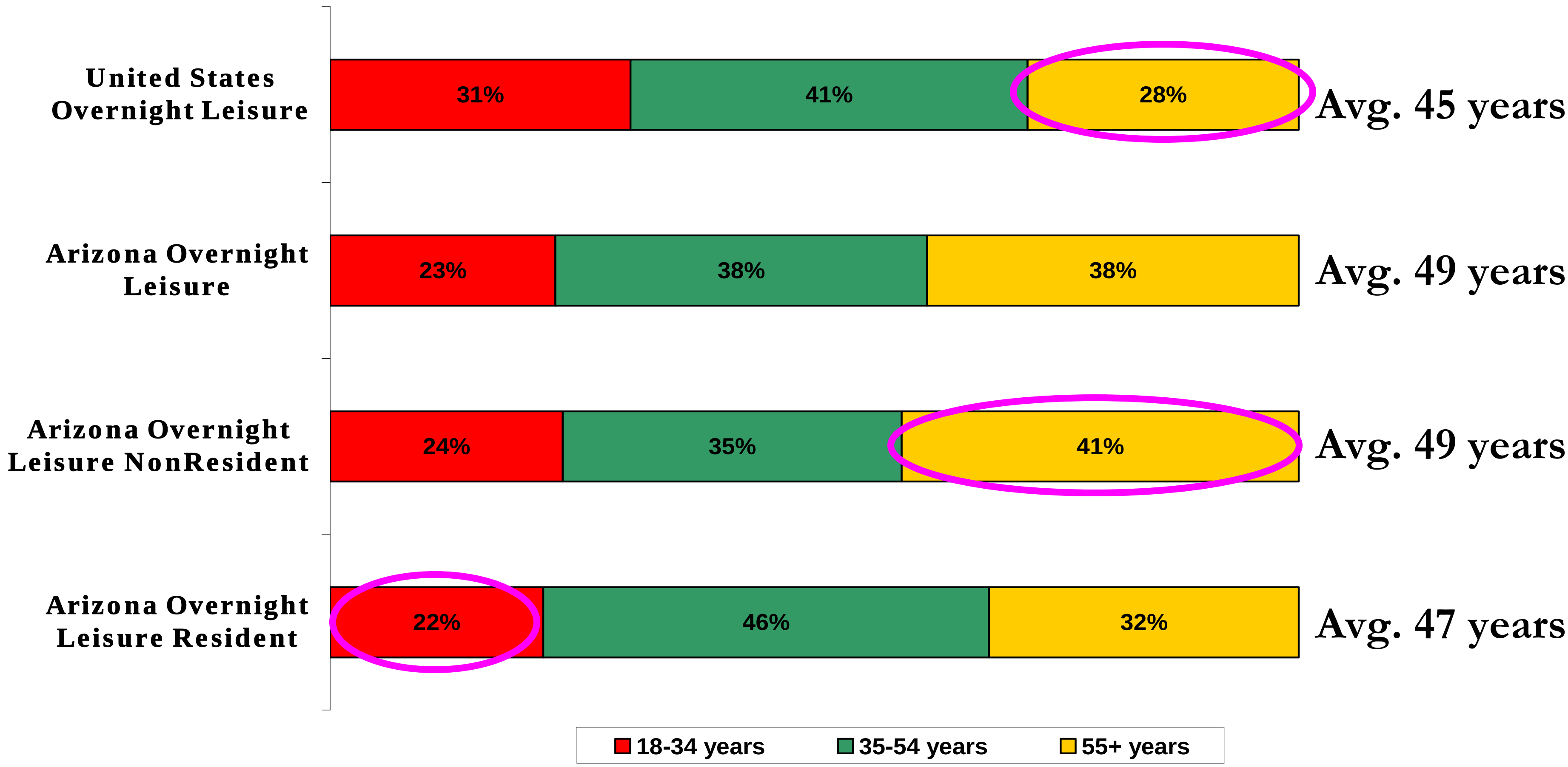
Source: D.K. Shifflet & Associates

TRAVEL PARTY COMPOSITION DISTRIBUTION



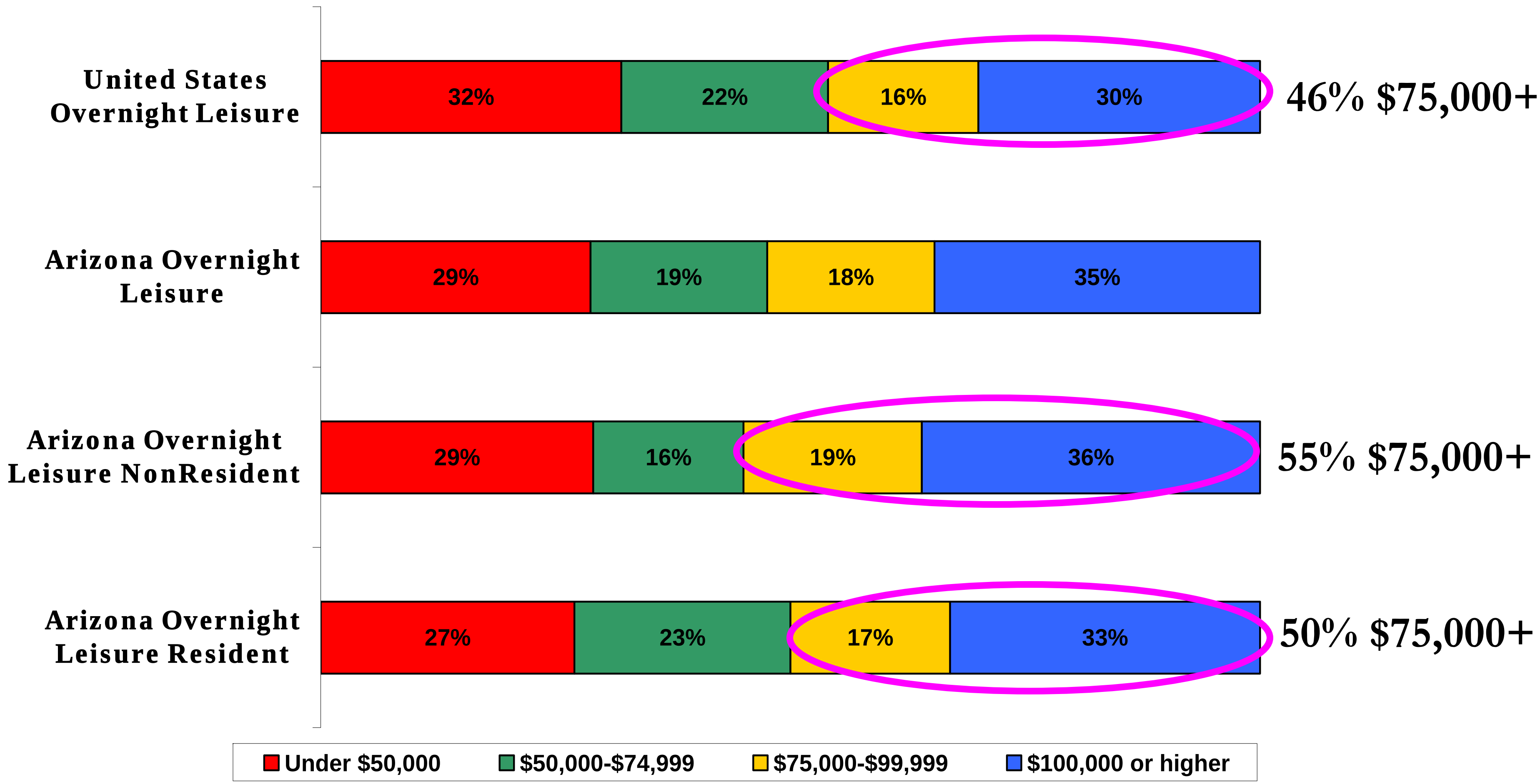
Domestic Overnight Leisure Visitation

AGE DISTRIBUTION



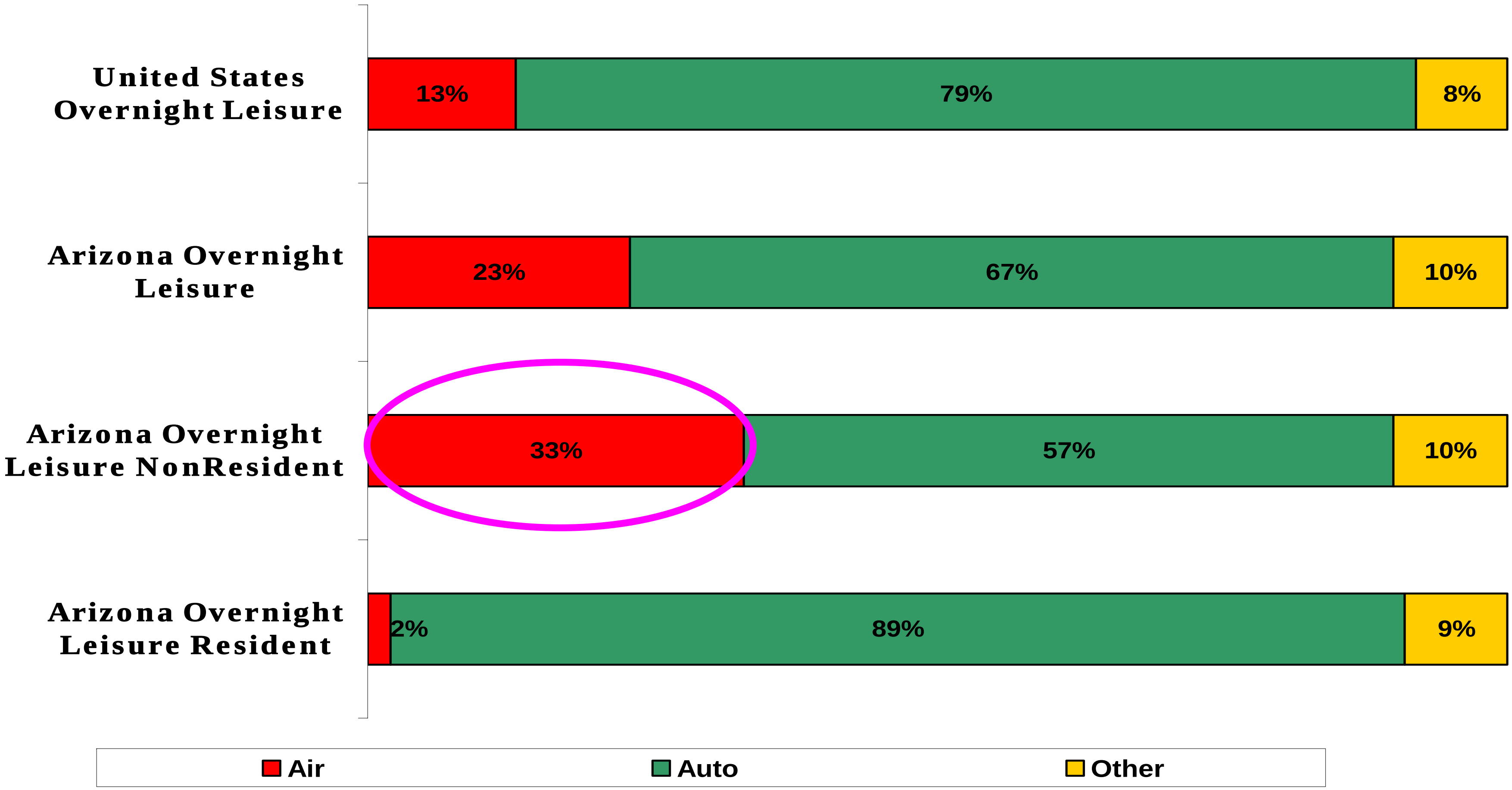
Source: D.K. Shifflet & Associates

HOUSEHOLD INCOME DISTRIBUTION



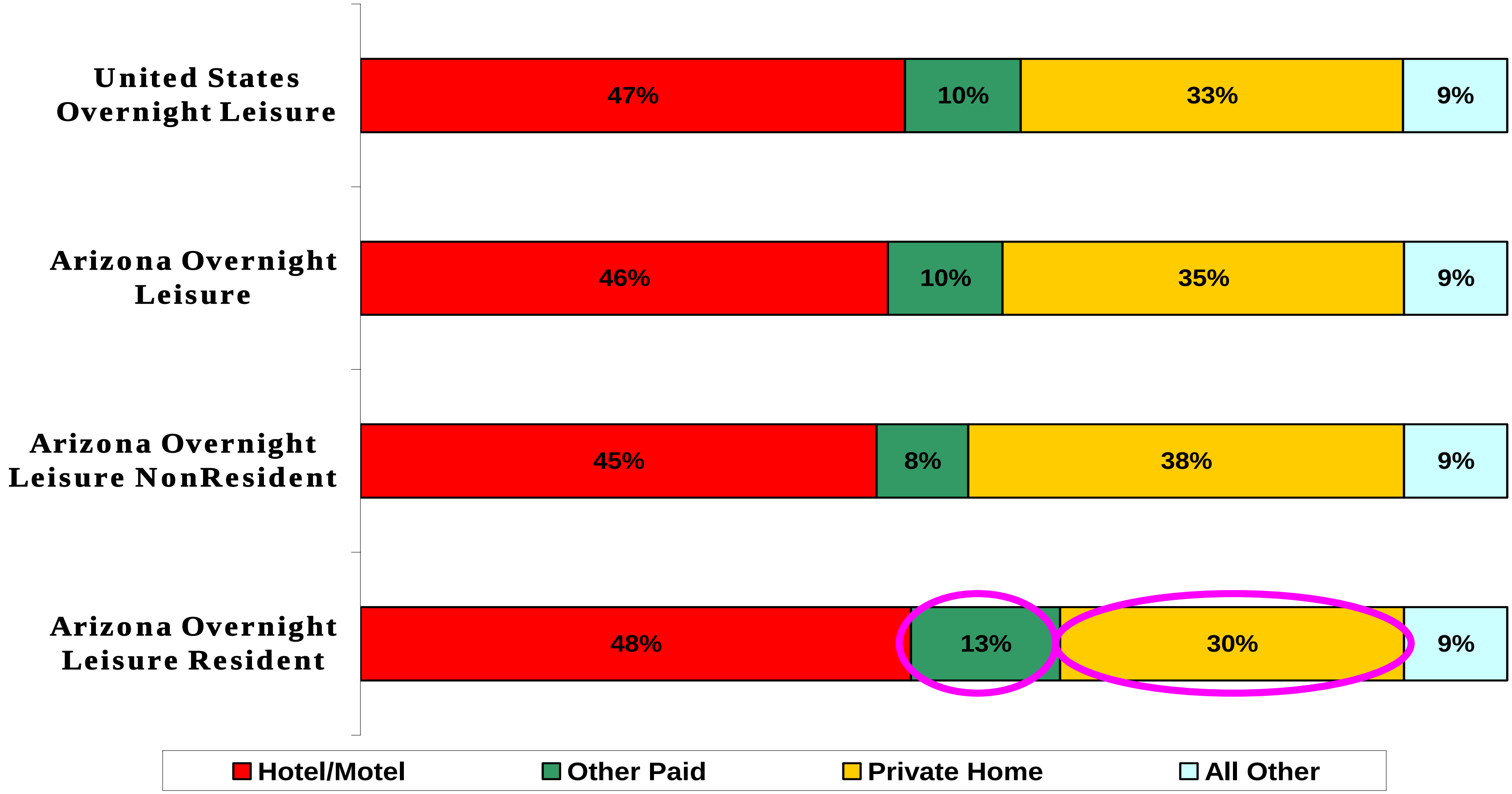
Source: D.K. Shifflet & Associates

MAIN MODE OF TRANSPORTATION



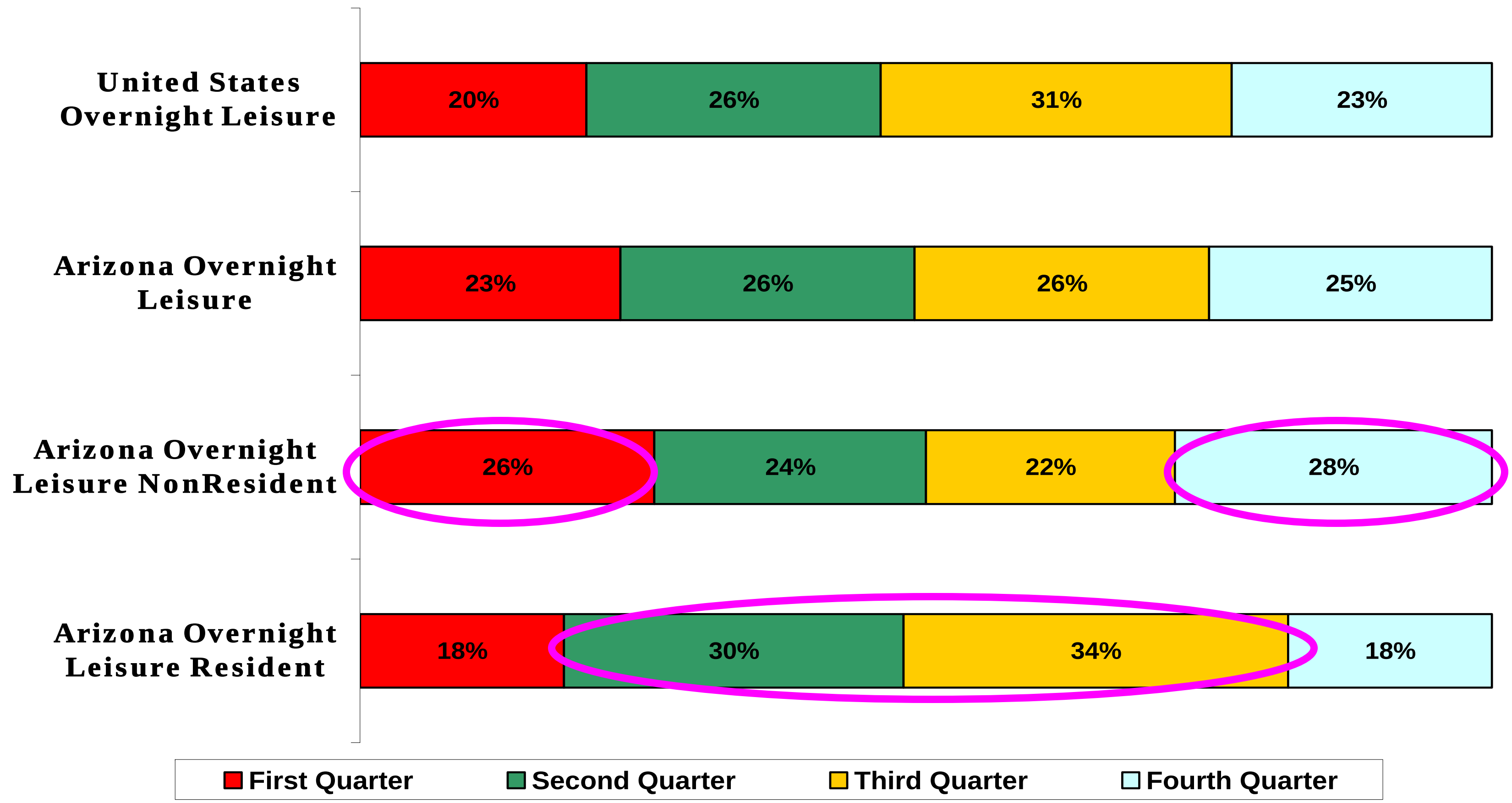
Domestic Overnight Leisure Visitation

ACCOMMODATION TYPE



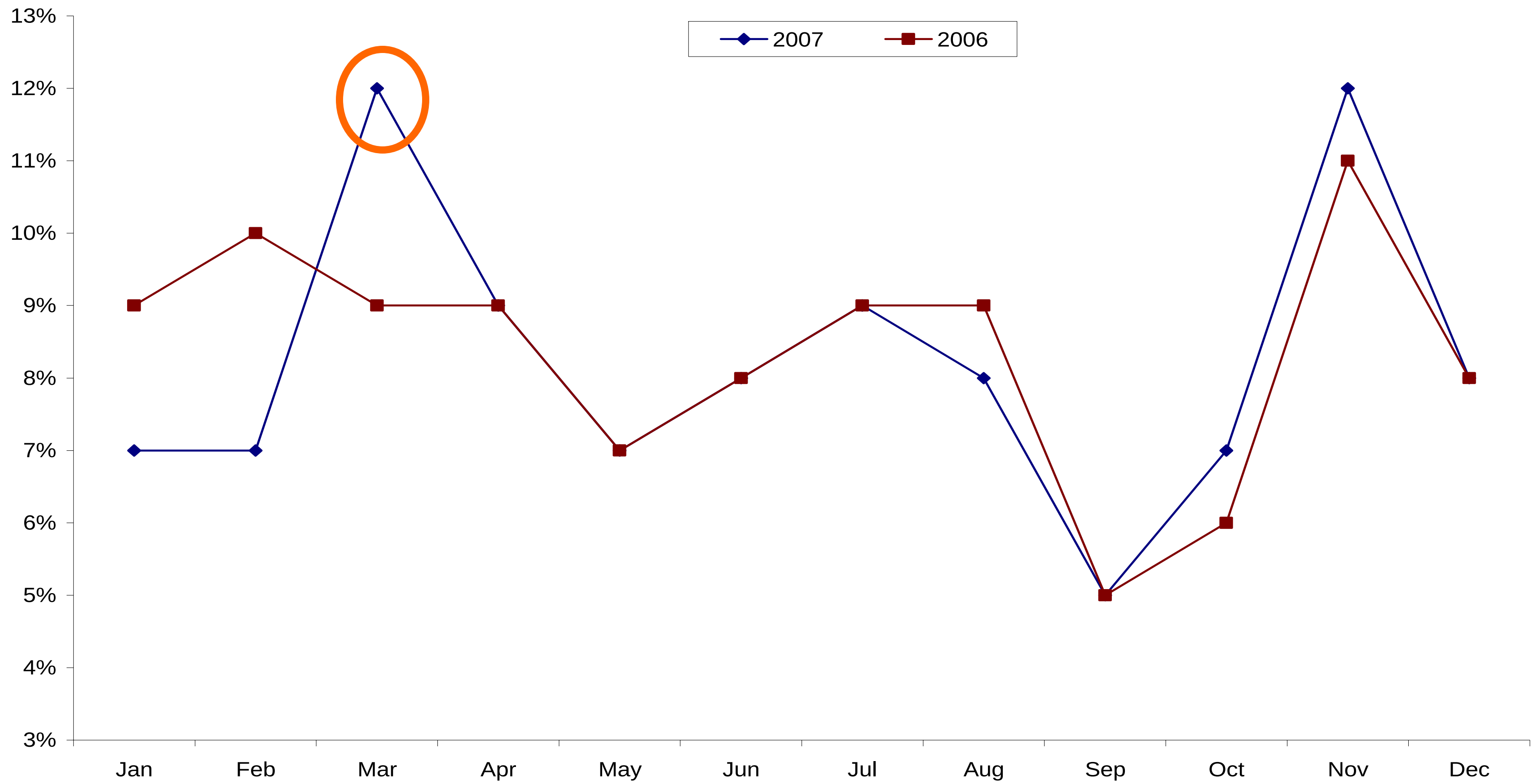
Source: D.K. Shifflet & Associates

TRIP TIMING by QUARTER



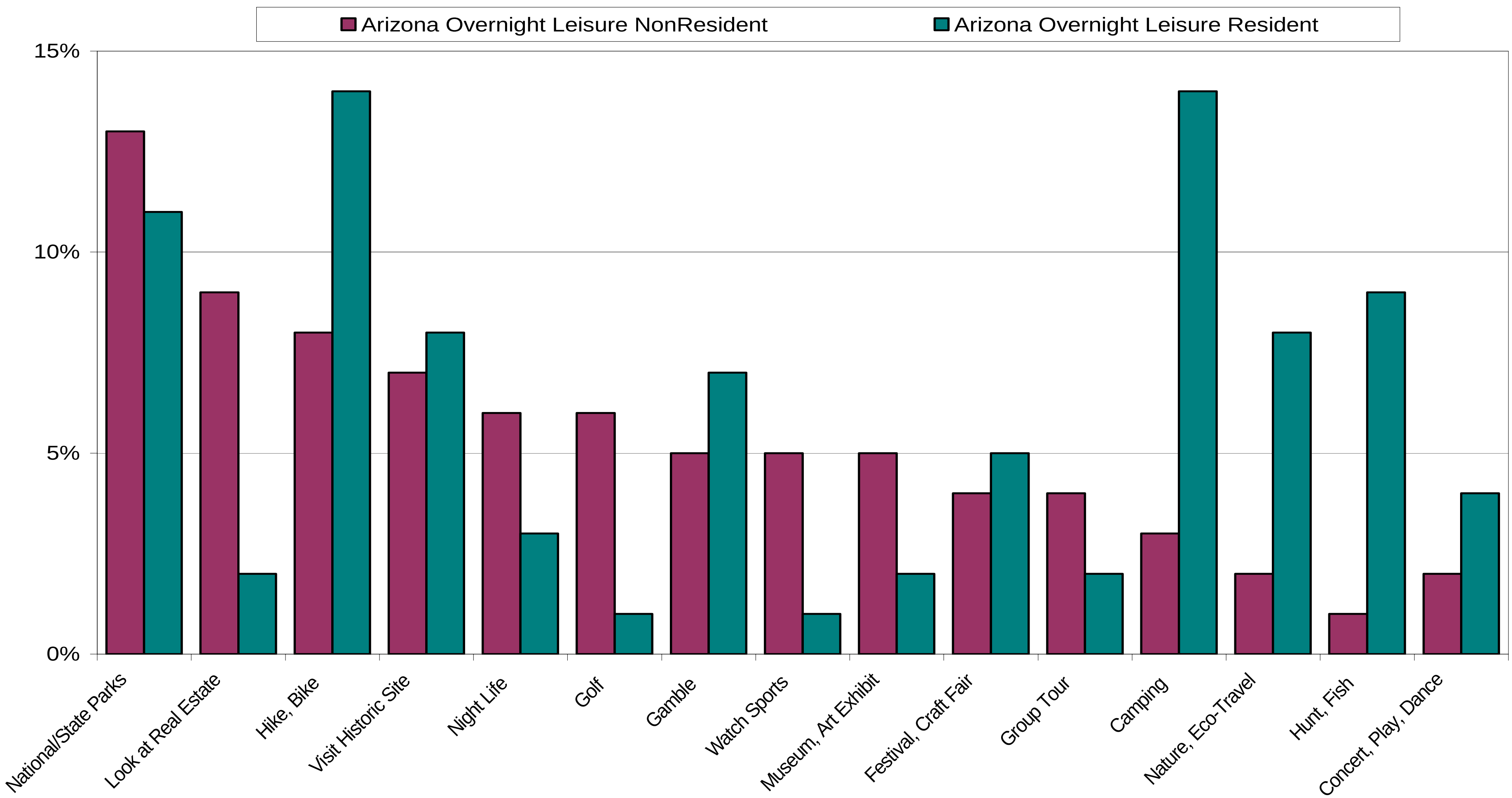
Source: D.K. Shifflet & Associates

TRIP TIMING by MONTH
AZ ONL Non-Resident



Source: D.K. Shifflet & Associates

TOP ACTIVITIES*



* Exclude Dining, Touring/Sightseeing, Shopping, Entertainment

Source: D.K. Shifflet & Associates

Top Activities:*

ONL Non-Residents:		ONL Residents:	
Park: National/State	13%	Hike/Bike	14%
Hike/Bike	8%	Camping	14%
Look at Real Estate	8%	Park: National/State	11%
Visit Historic Site	7%	Hunt, Fish	9%
Golf	6%	Nature/Eco-Travel	8%
Night Life	6%	Gamble	7%
		Visit Historic Site	7%

* Exclude Dining, Touring/Sightseeing, Shopping, Entertainment

Source: D.K. Shifflet & Associates

Summary:
2007 Domestic Overnight Leisure Non-Residents vs. Residents

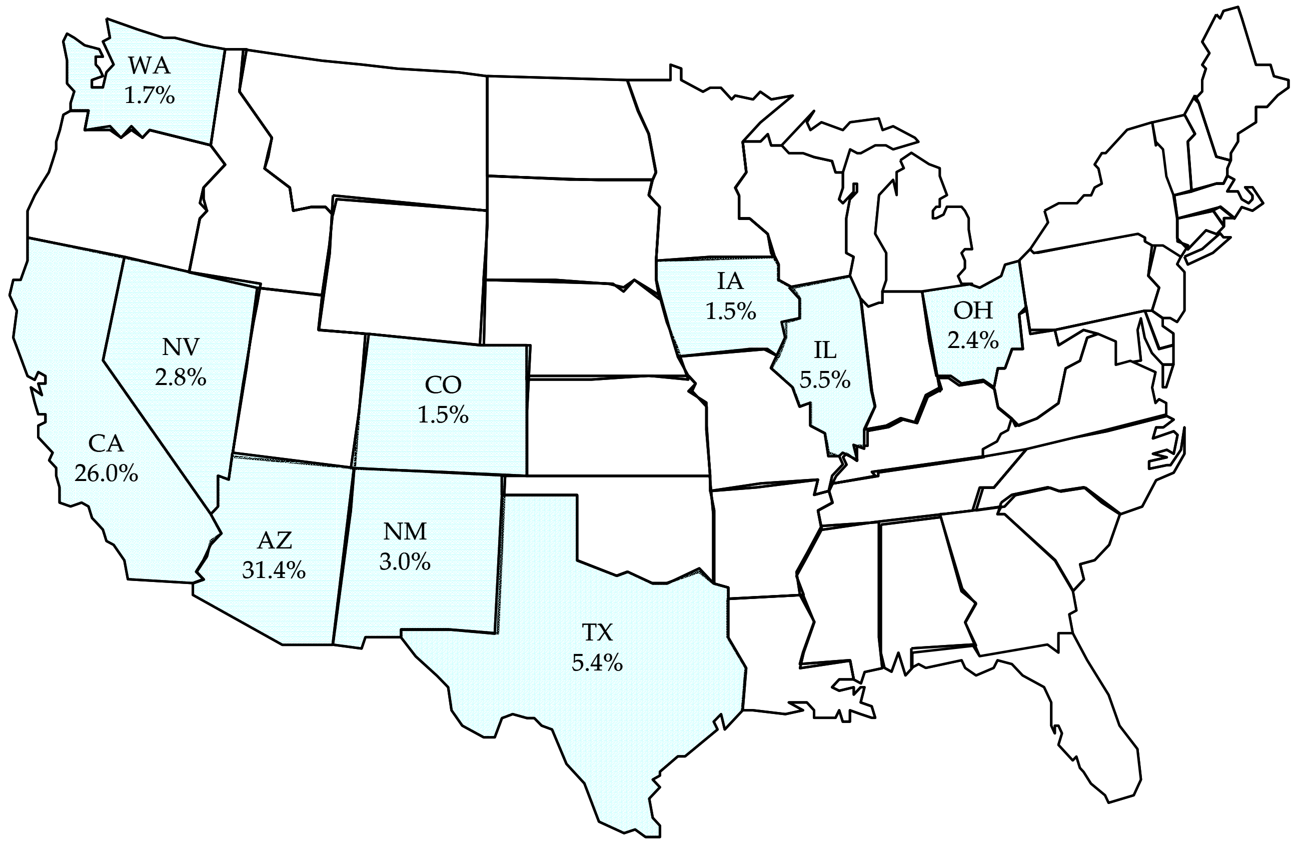
	ONL Non-Residents	ONL Residents
Visitors	23.3 million (9.6% increase due to leisure travel)	9.9 million (-5% decline due to business travel)
Average Length of Stay	4.4 nights	2.0 nights
Purpose of Stay	41% VFR 26% General Vacation	43% Getaway Weekend 21% VFR
Travel Party	47% Couples 22% One Adult	43% Couples 33% Families
Average Age	49 yrs (same as 2006)	47 yrs (up from 43 in 2006)
Average Income	$82,900 (up from $78,800 in 2006)	$78,400 (up from $65,300 in 2006)
Mode of Transportation	57% Auto	89% Auto
Accommodations	45% Paid Hotel/Motel	48% Paid Hotel/Motel
Trip Quarter	Q4 & Q1	Q3 & Q2

Source: D.K. Shifflet & Associates

Domestic Overnight Leisure Visitation

Top Origin States

1.	Arizona	31.4%
2.	California	26.0%
3.	Illinois	5.5%
4.	Texas	5.4%
5.	New Mexico	3.0%
6.	Nevada	2.8%
7.	Ohio	2.4%
8.	Washington	1.7%
9.	Colorado	1.5%
9.	Iowa	1.5%



The top ten states produce 81.2% of Arizona's visitors

Source: D.K. Shifflet & Associates

International Visitation

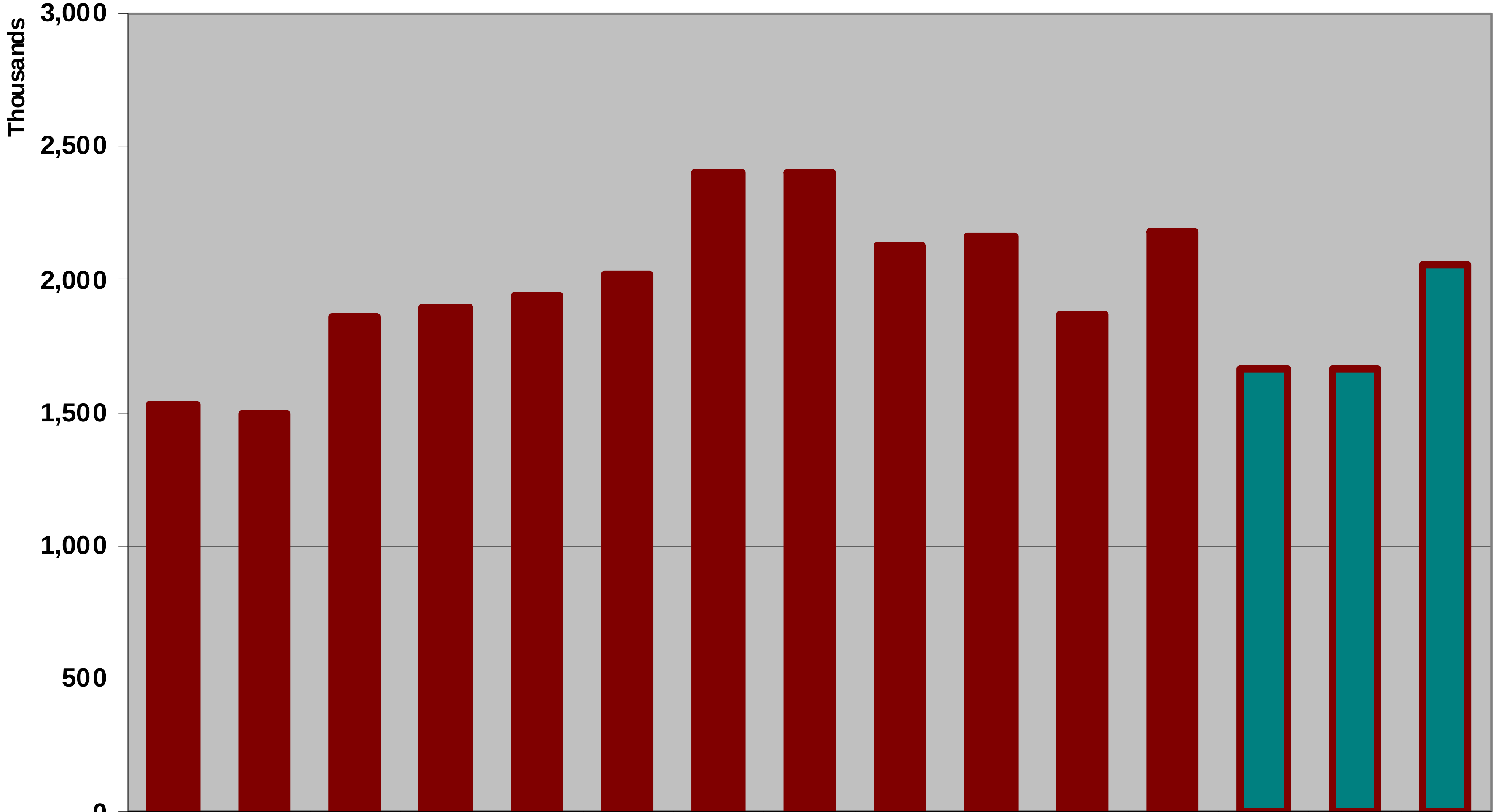
Top Origin Markets for International Travelers to the U.S. **(2007 vs. 2006 & 2000)**

Origin of Visitor	2007 (mill)	07/06 (% change)	07/00 (% change)
1 Canada	17.7	11%	21%
2 Mexico *(record)*	15.1	13%	42%
Overseas	23.9	10%	-8%
3 United Kingdom	4.5	8%	-4%
4 Japan	3.5	-4%	-30%
5 Germany	1.5	10%	-15%
6 France	1.0	26%	-8%
7 S. Korea	0.8	6%	22%
8 Australia	0.7	11%	24%
9 Brazil	0.6	22%	-13%
10 Italy	0.6	19%	4%
International Total	**56.7**	**11%**	**11%**

Source: Office of Travel & Tourism Industries, U.S. Department of Commerce; Secretaria de Turismo (Mexico); Statistics Canada

Overseas Visitation to the U.S. by Month

January 2007 through March 2008



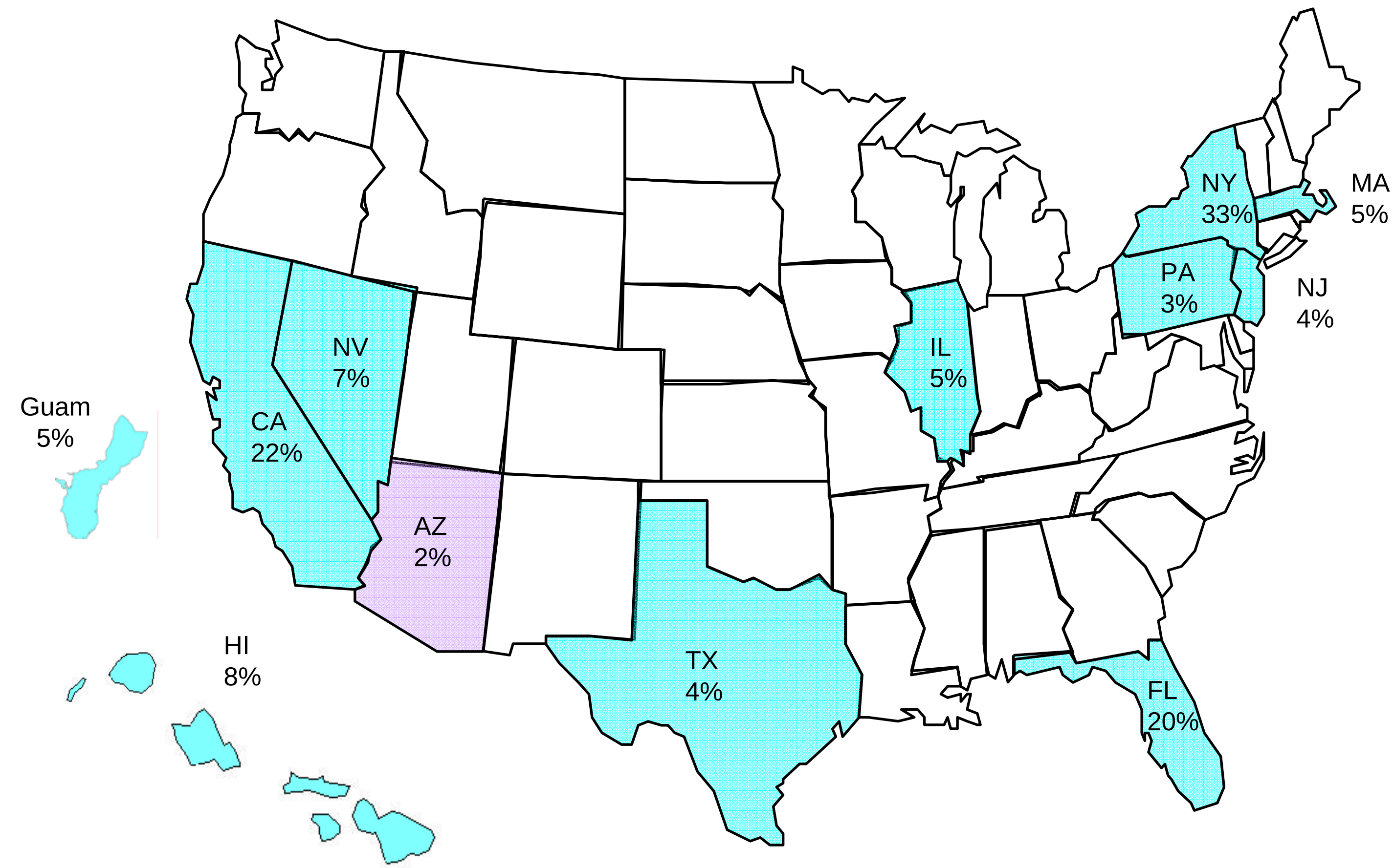
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
% Chg	1,530,596	1,498,808	1,864,009	1,895,069	1,943,625	2,021,723	2,403,643	2,402,926	2,127,059	2,160,422	1,864,426	2,179,971	1,667,306	1,663,065	2,054,590

Source: Office of Travel & Tourism Industries, U. S. Department Of Comemerce

Arizona had a modest increase of 1.2% in Overseas Visitation (excluding Canada & Mexico)

U.S. Market Share*

1.	New York	33%
2.	California	22%
3.	Florida	20%
4.	Hawaii	8%
5.	Nevada	7%
6.	Massachusetts	5%
7.	Illinois	5%
8.	Guam	5%
9.	Texas	4%
10.	New Jersey	4%
11.	Pennsylvania	3%
12.	Arizona	2%



Source: Office of Travel & Tourism Industries, U.S. Department of Commerce

* Based on Overseas Visitors (excluding Canada & Mexico)

ARIZONA OFFICE OF TOURISM

Top 10 Fastest Growing Origin Markets for International Travelers to U.S.

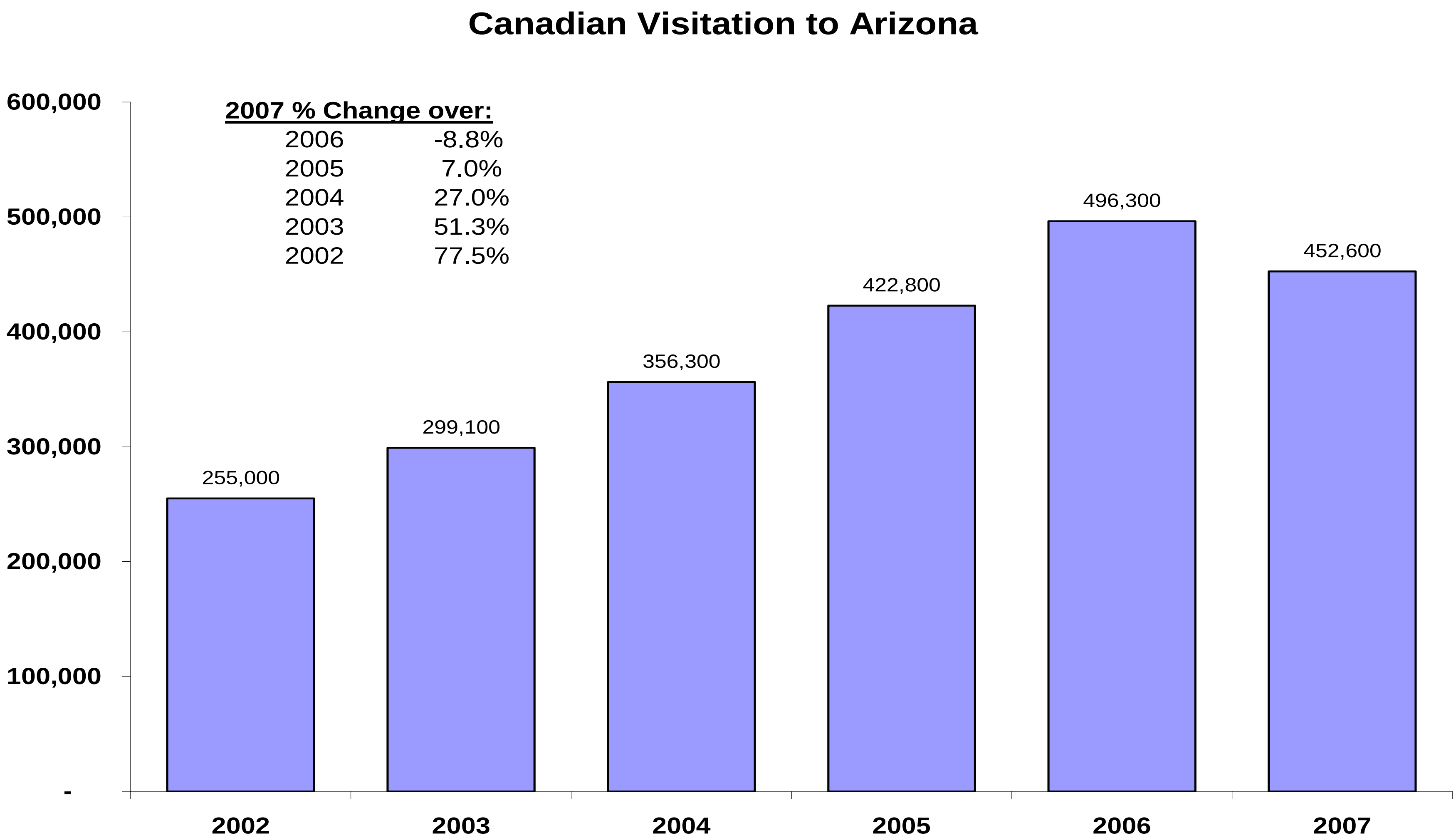
Origin of Visitor	2007 (mill)	07/06 (% change)	07/00 (% change)
International Total	**56.7**	**11%**	**0%**
Overseas*	**23.9**	**10%**	**-8%**
India	0.5	39%	107%
Ireland	0.5	18%	72%
China (PRC)	0.4	24%	59%
Russia	1.1	21%	50%
Denmark	2.2	17%	46%
Spain	0.5	22%	43%
Mexico	15.1	13%	42%
Dominican Republic	0.2	11%	34%
Australia	0.6	11%	24%
Honduras	1.1	20%	22%

Source: Office of Travel & Tourism Industries, U.S. Department of Commerce

* Excludes Canada & Mexico

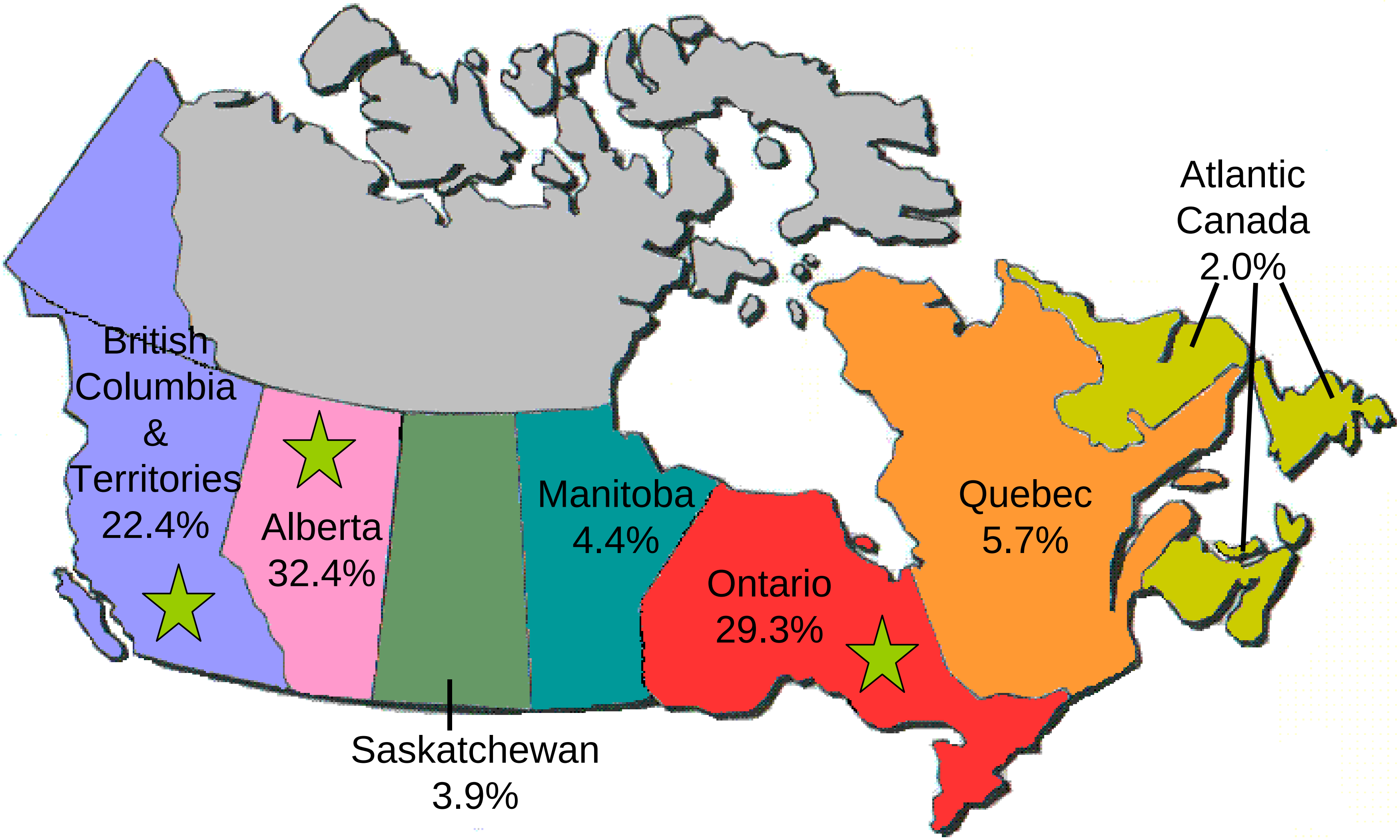
China – A new emerging market

Source: Travel Industry Association of America



Source: Statistics Canada – 2007 volume is preliminary

Canadian Visitation to Arizona by Province (by Market Share)



Source: Statistics Canada

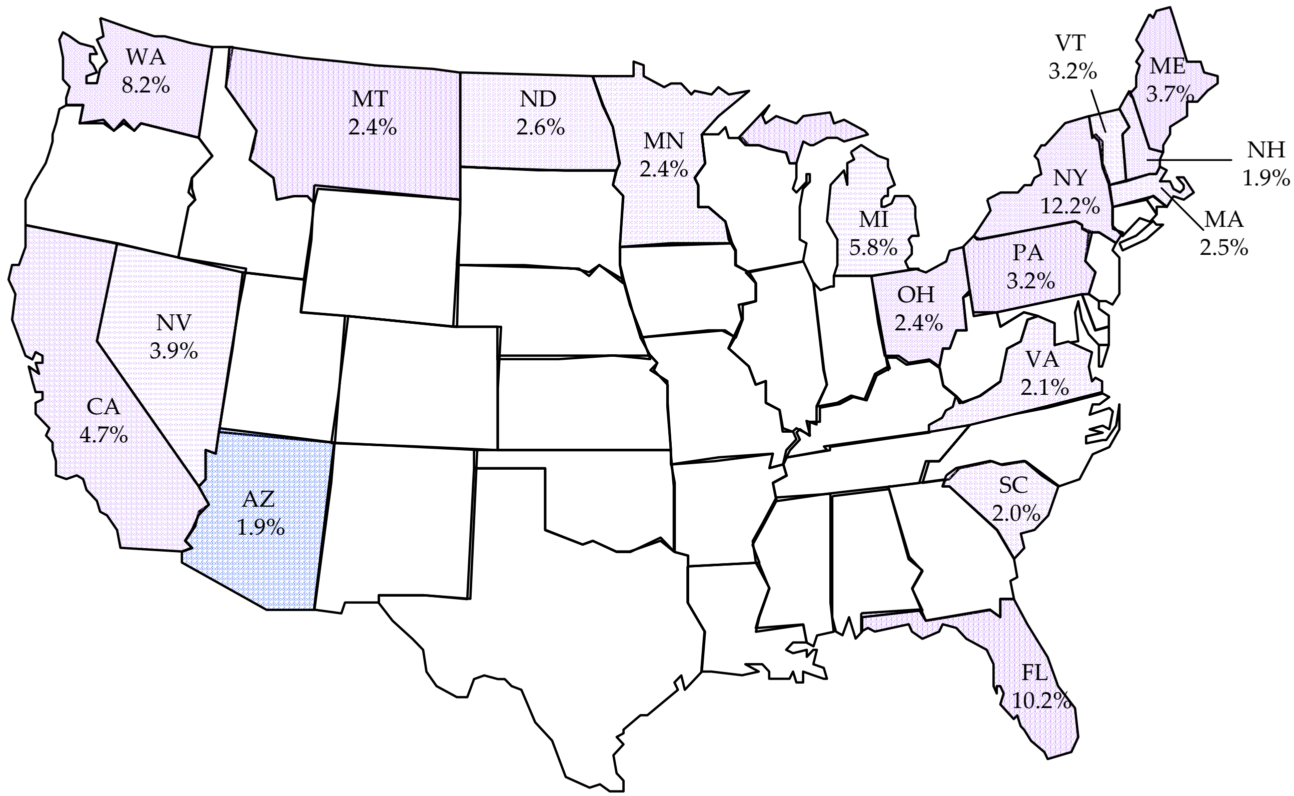
Canadian Visitation to Arizona by Province

Province	2006	2007	% Change 07/06
Alberta	154,300	146,600	-5.0%
Ontario	173,900	132,400	-23.9%
British Columbia & Territories	100,000	101,400	1.4%
Quebec	28,500	25,800	-9.5%
Manitoba	12,300	19,800	61.0%
Saskatchewan	17,100	17,600	2.9%
Atlantic Canada	10,100	8,900	-11.9%
TOTAL	**496,300**	**452,600**	**-8.8%**

Source: Statistics Canada

Canadian Visitation – U.S. Market Share

		2007	2006
1.	New York*	12.2%	11.8%
2.	Florida	10.2%	9.5%
3.	Washington*	8.2%	8.1%
4.	Michigan*	5.8%	6.0%
5.	California	4.7%	4.7%
6.	Nevada	3.9%	4.1%
7.	Maine*	3.7%	3.4%
8.	Pennsylvania*	3.2%	3.2%
9.	Vermont*	3.2%	2.9%
10.	North Dakota*	2.6%	2.3%
11.	Massachusetts	2.5%	2.7%
12.	Ohio*	2.4%	2.3%
13.	Montana*	2.4%	2.3%
14.	Minnesota*	2.4%	2.8%
15.	Virginia	2.1%	2.1%
16.	South Carolina	2.0%	2.0%
17.	New Hampshire*	1.9%	1.6%
18.	Arizona	1.9%	2.3%



***These Border States make up 48% of Canadian Visitation to the U.S.**

Source: Statistics Canada

Canadian Visitation to Arizona

- **Canadian deplanements to Arizona are slowing**
- **Favorable lodging rates in competitive domestic U.S. markets**
- **Discount, dollar-denominated packages to Mexico & Caribbean**
- **New passport requirements giving Canadians access to the rest of the world**

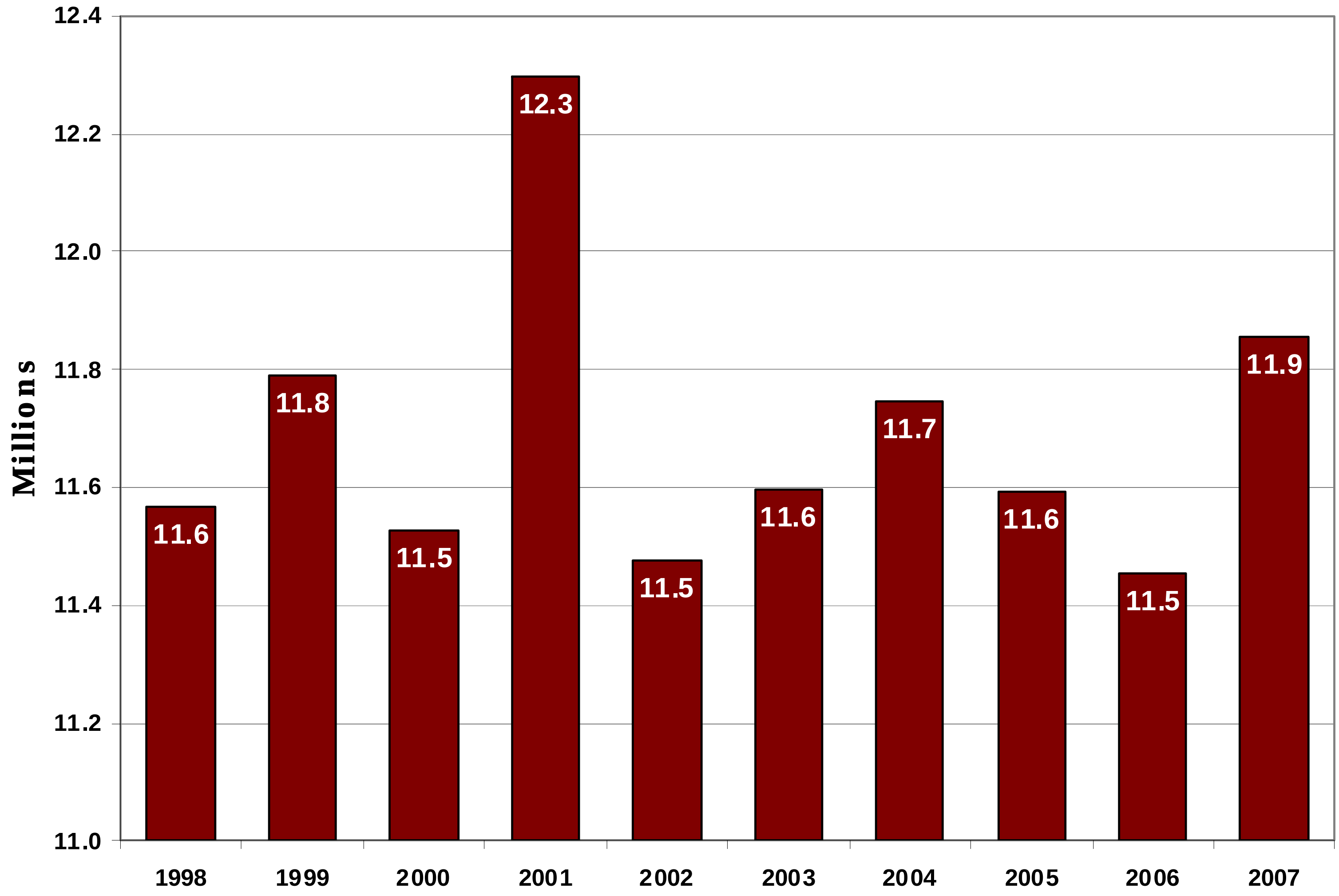
Source: The Conference Board of Canada, Bank of Canada, Smith Travel Research, Phoenix Sky Harbor

Mexico Visitor Survey

- Project sponsored by AOT, which is funding the study along with Sky Harbor Airport, the Metro Tucson CVB and the Maricopa County DMO's
- Project managed by The University of Arizona Center for Business & Economic Research
- All 6 Land Ports and 2 International Airports
- Surveying started in July 2007 and completed in June 2008
- Questions regarding travel behavior, spending and demographics. Economic Impact of these visitors in various regions will be analyzed.
- Final report will be available this fall.

Indicators

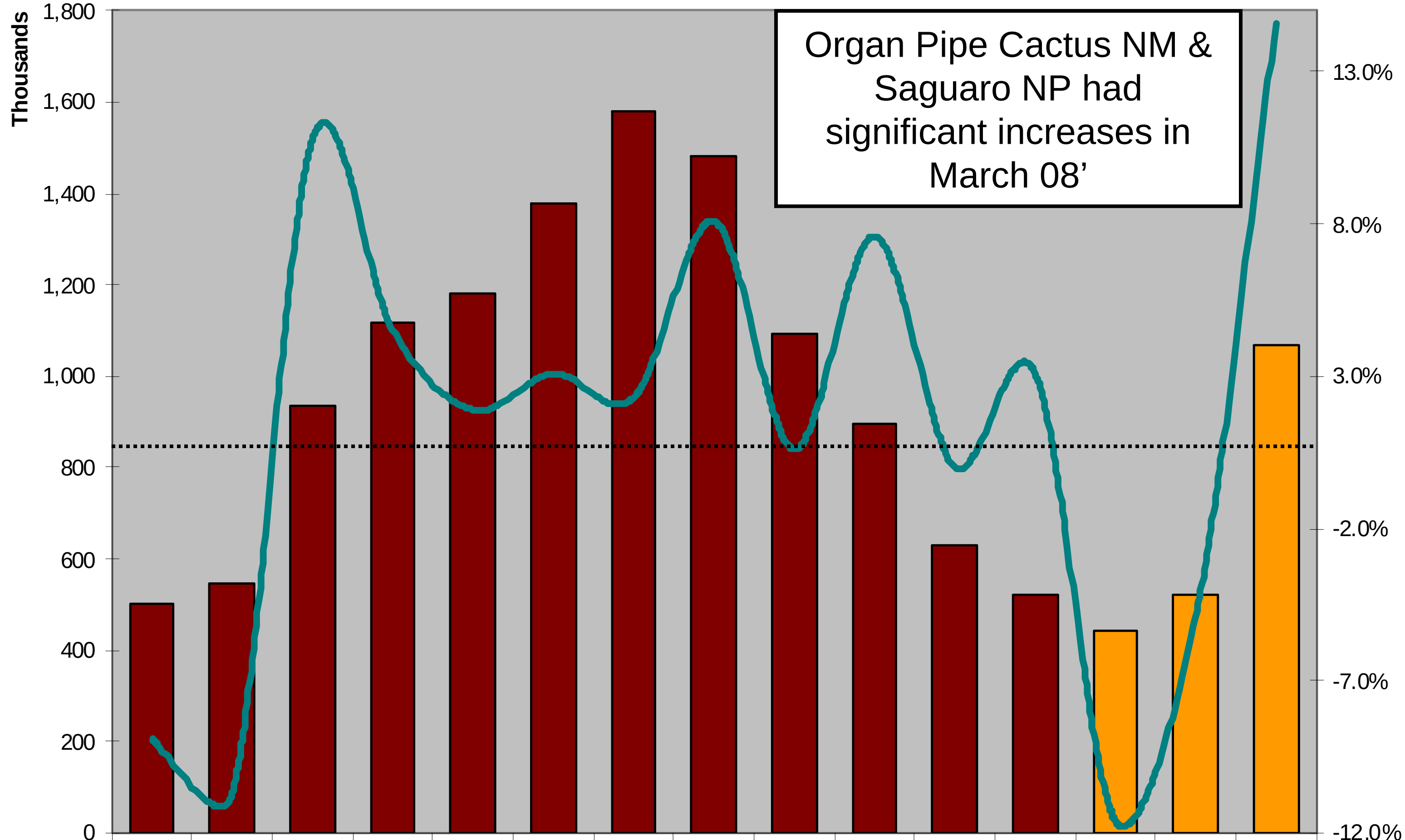
Arizona National Park Visitation 1998-2007



Source: National Park Service

Arizona National Park Visitation

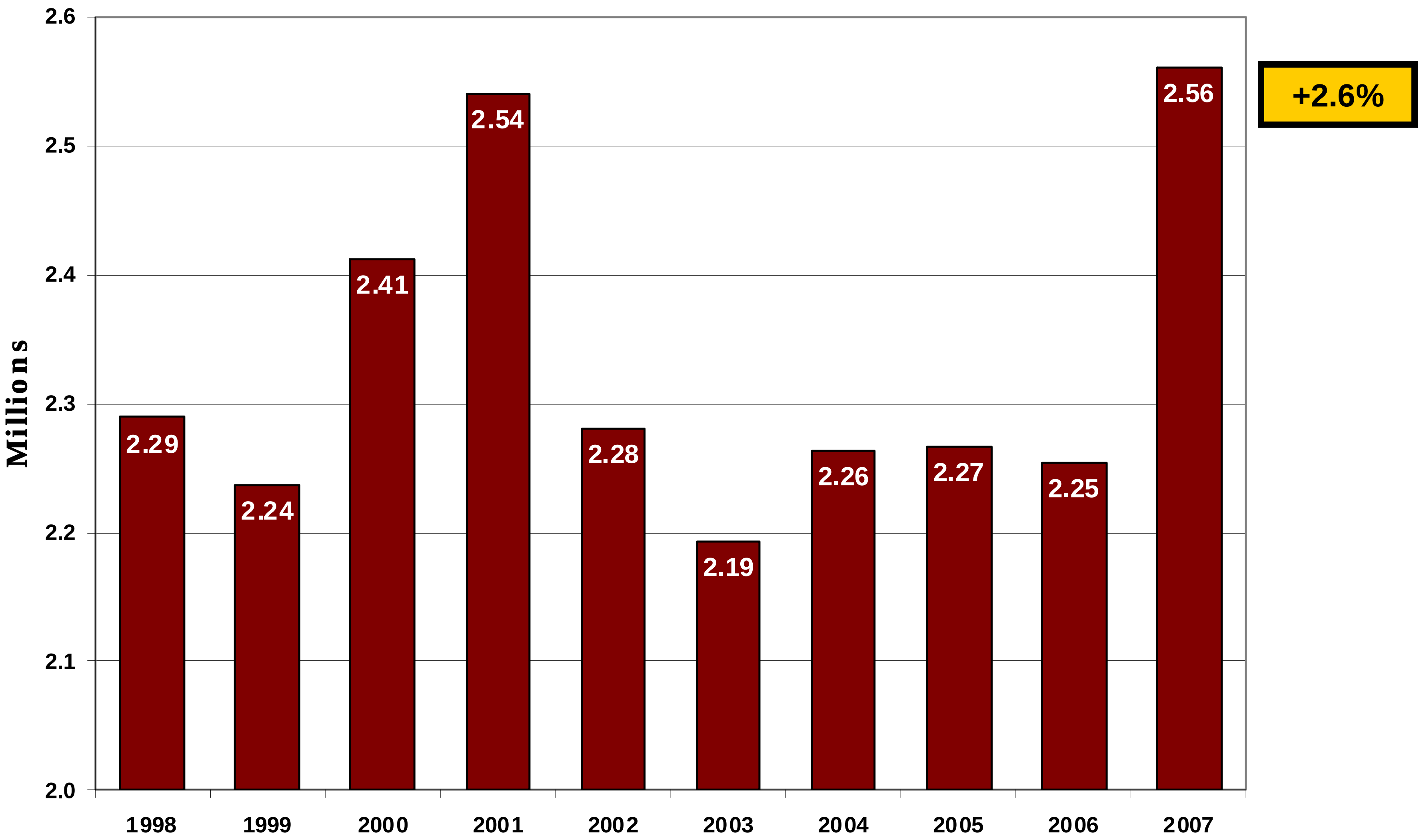
January 2007-March 2008



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Visitation	504,124	546,026	933,327	1,118,666	1,181,548	1,379,178	1,581,237	1,484,082	1,092,145	897,004	632,572	521,168	445,592	519,796	1,069,745
% Chg	-8.9%	-10.7%	10.8%	4.5%	1.9%	3.1%	2.3%	8.1%	0.6%	7.6%	0.0%	3.1%	-11.6%	-4.9%	14.6%

Source: National Park Service

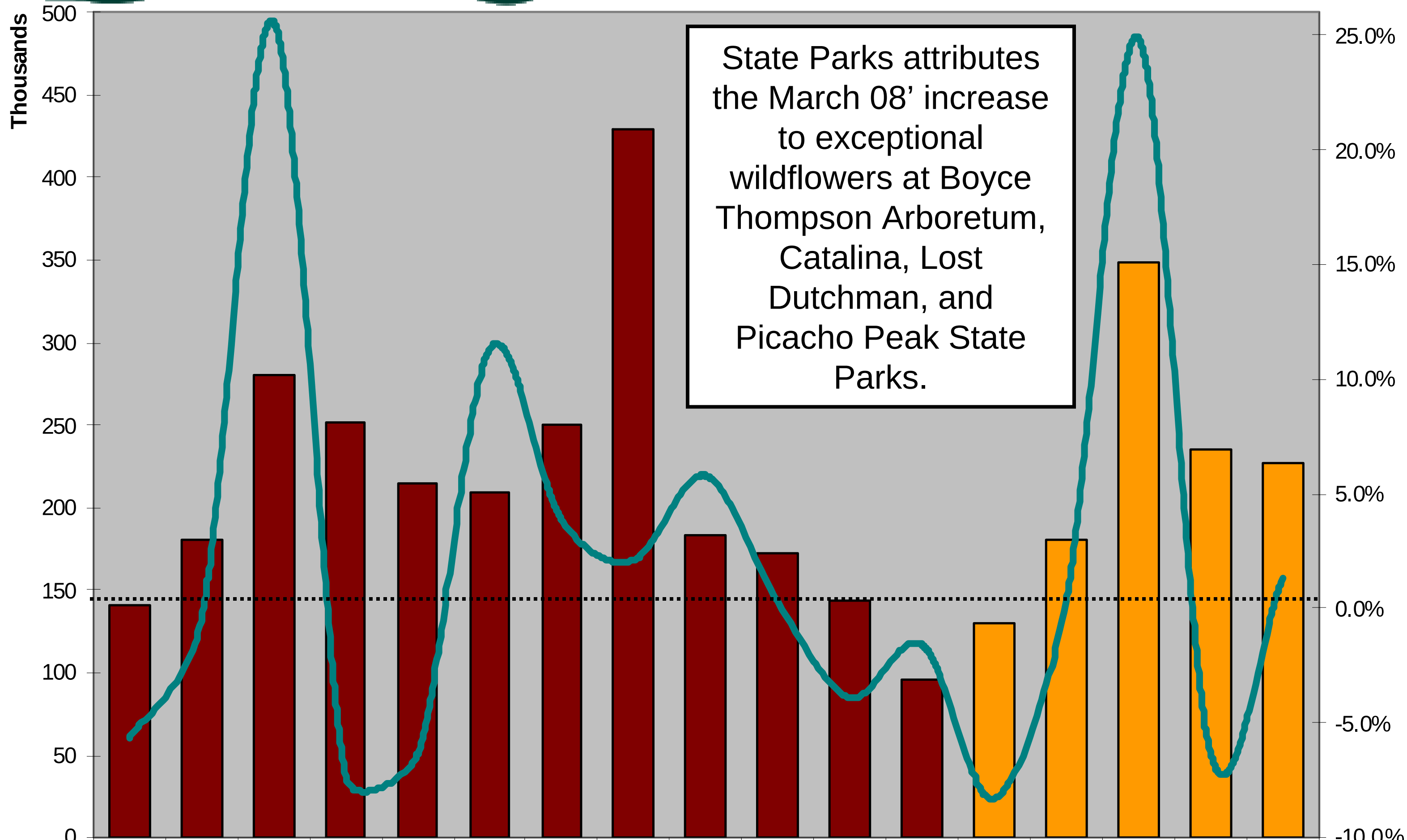
Arizona State Park Visitation 1998-2007



Source: Arizona State Parks

Arizona State Park Visitation

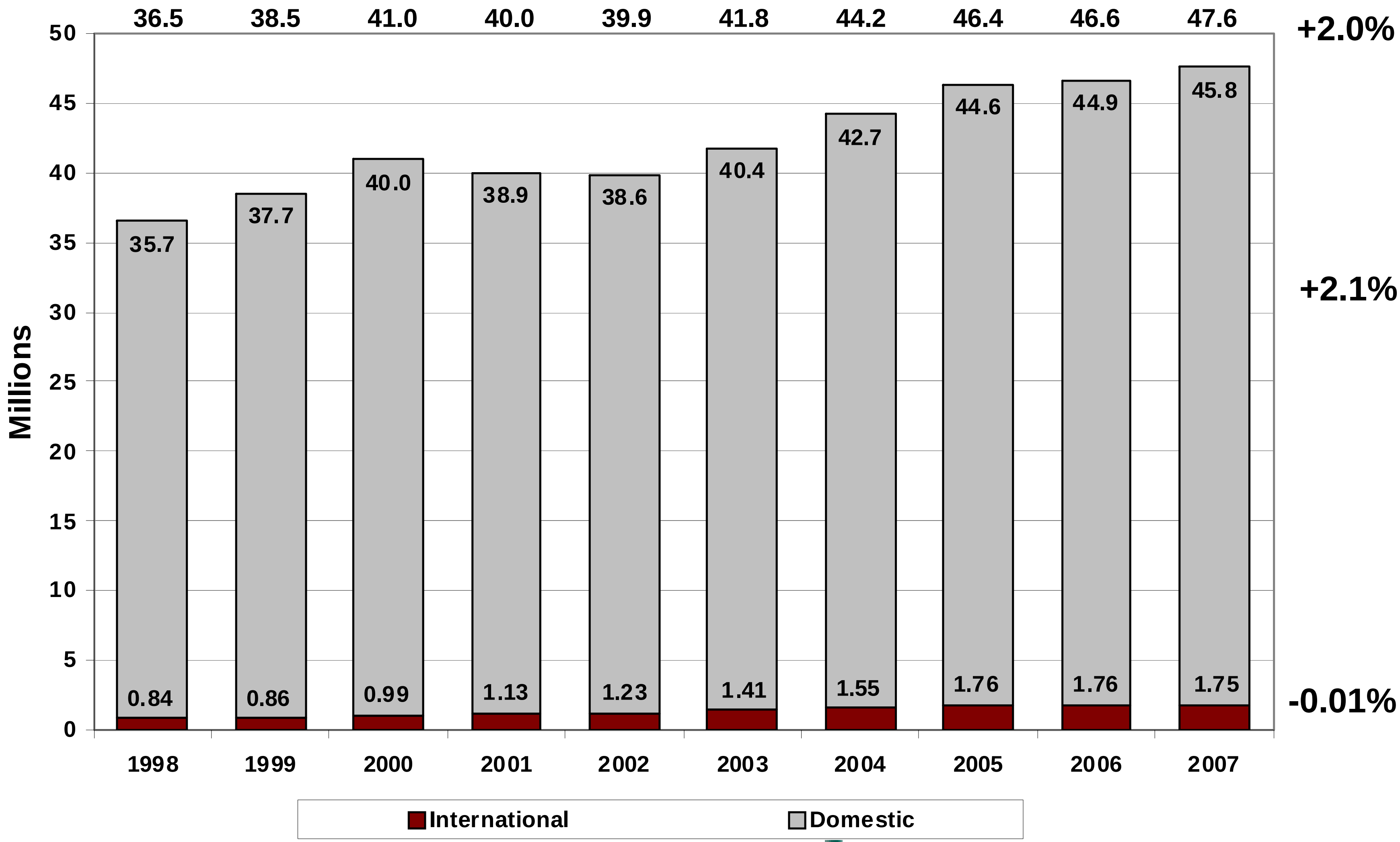
January 2007-May 2008



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Visitation	141,260	180,562	279,677	251,569	215,026	209,870	250,499	429,115	182,676	171,649	143,293	96,431	129,479	181,161	349,312	235,597	227,252
% Chg	-5.7%	-0.5%	25.6%	-7.3%	-6.4%	11.3%	3.9%	2.1%	5.8%	0.3%	-3.9%	-1.6%	-8.3%	0.3%	24.9%	-6.3%	1.3%

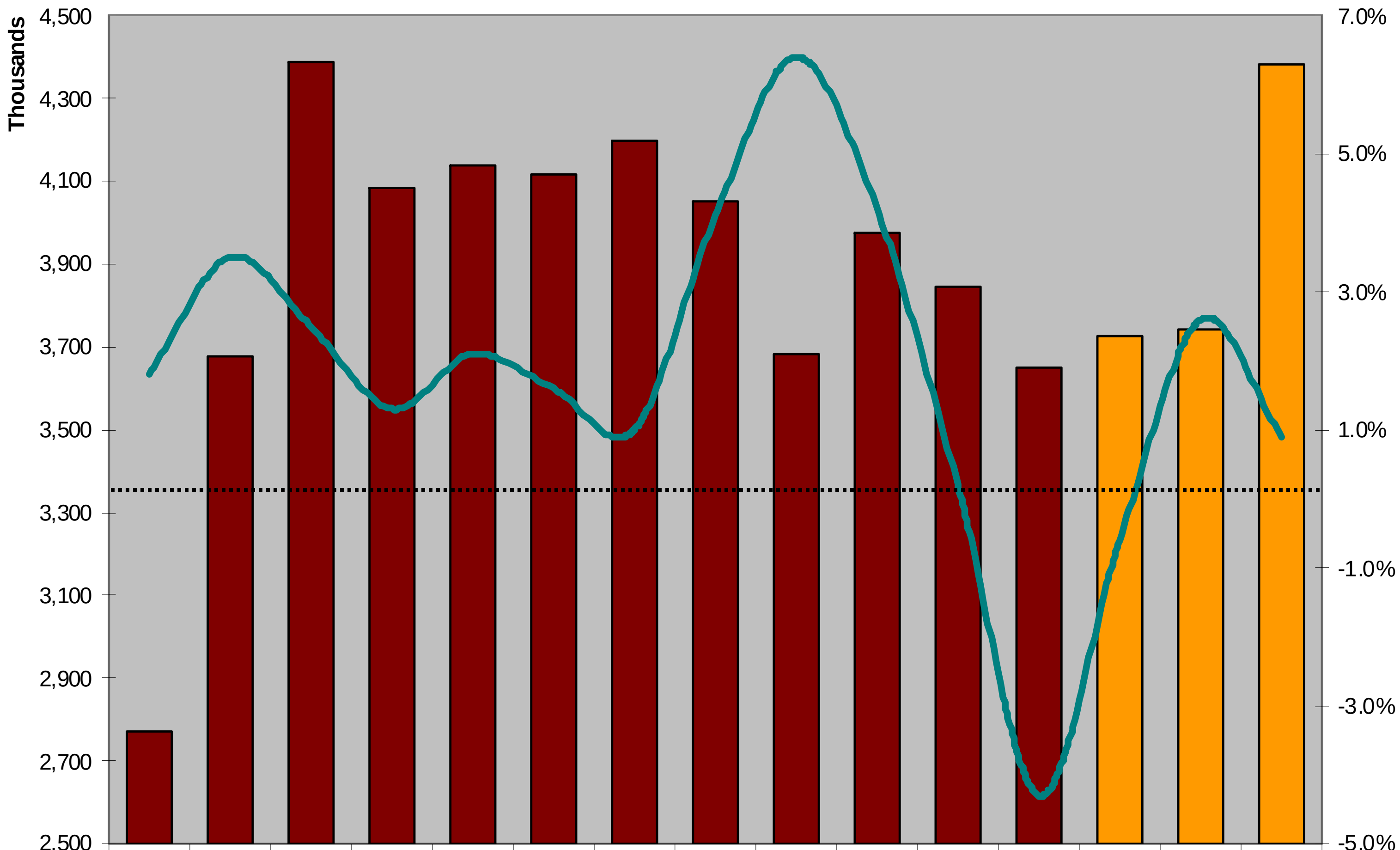
Source: Arizona State Parks

Arizona Airport Enplanements/Deplanements



Source: Activity reports provided by Flagstaff Pulliam, Grand Canyon, Phoenix Sky Harbor, Tucson International & Yuma International Airports

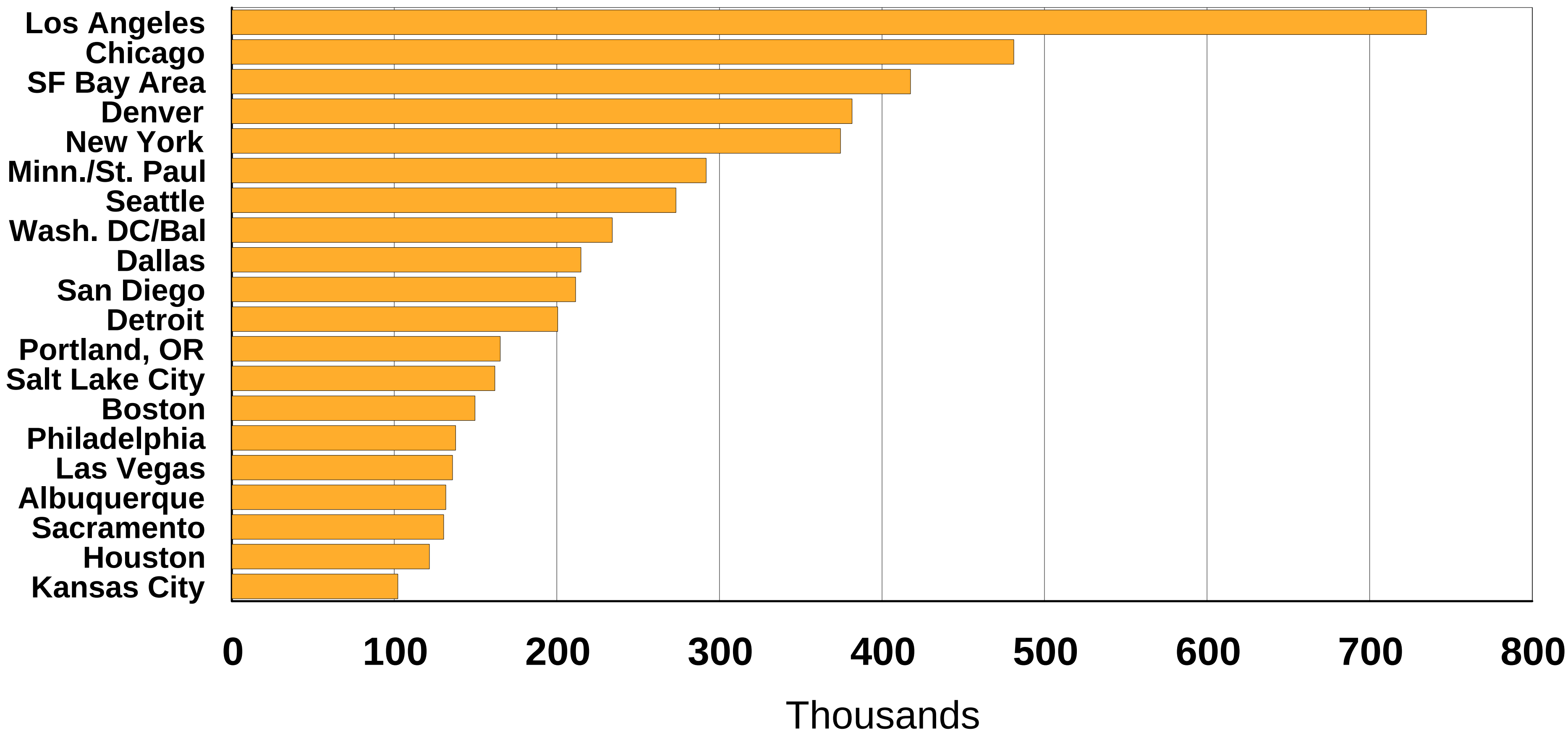
Arizona Airport Enplanements/Deplanements



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Traffic	2,770,105	3,676,432	4,385,460	4,082,553	4,137,028	4,116,083	4,195,492	4,051,409	3,683,522	3,976,991	3,843,862	3,650,829	3,725,914	3,744,042	4,383,333
% Chg	1.8%	3.5%	2.5%	1.3%	2.1%	1.6%	1.0%	4.1%	6.4%	4.2%	0.2%	-4.3%	-0.6%	2.6%	0.9%

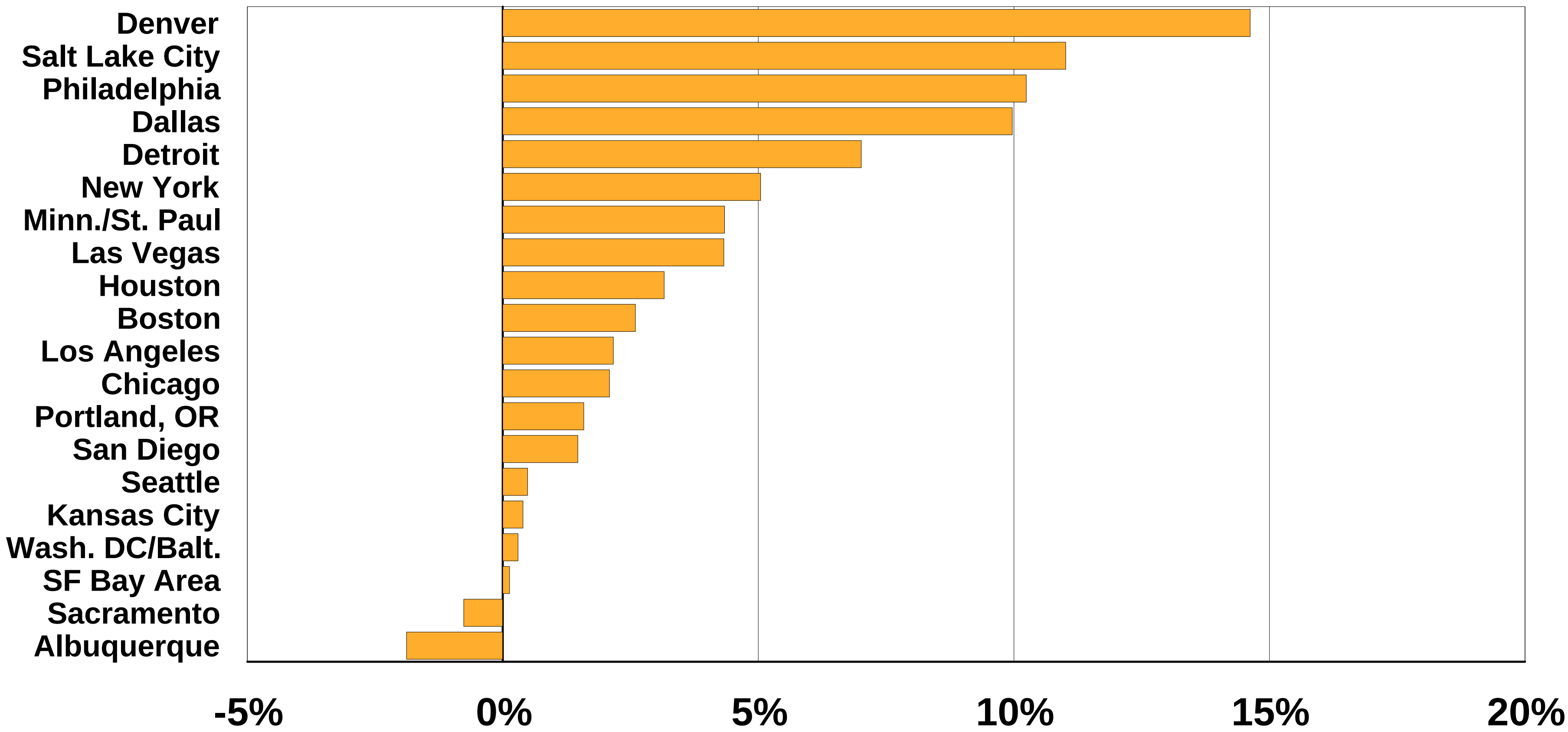
Source: Activity reports provided by Flagstaff Pulliam, Grand Canyon, Phoenix Sky Harbor, Tucson International, Yuma International, Kingman, Page Municipal, Phoenix-Mesa Gateway, Prescott Municipal and Show Low Regional Airports.

Top Twenty Metro Origins to Arizona
2007 Visitor Arrivals on Domestic Air Carriers



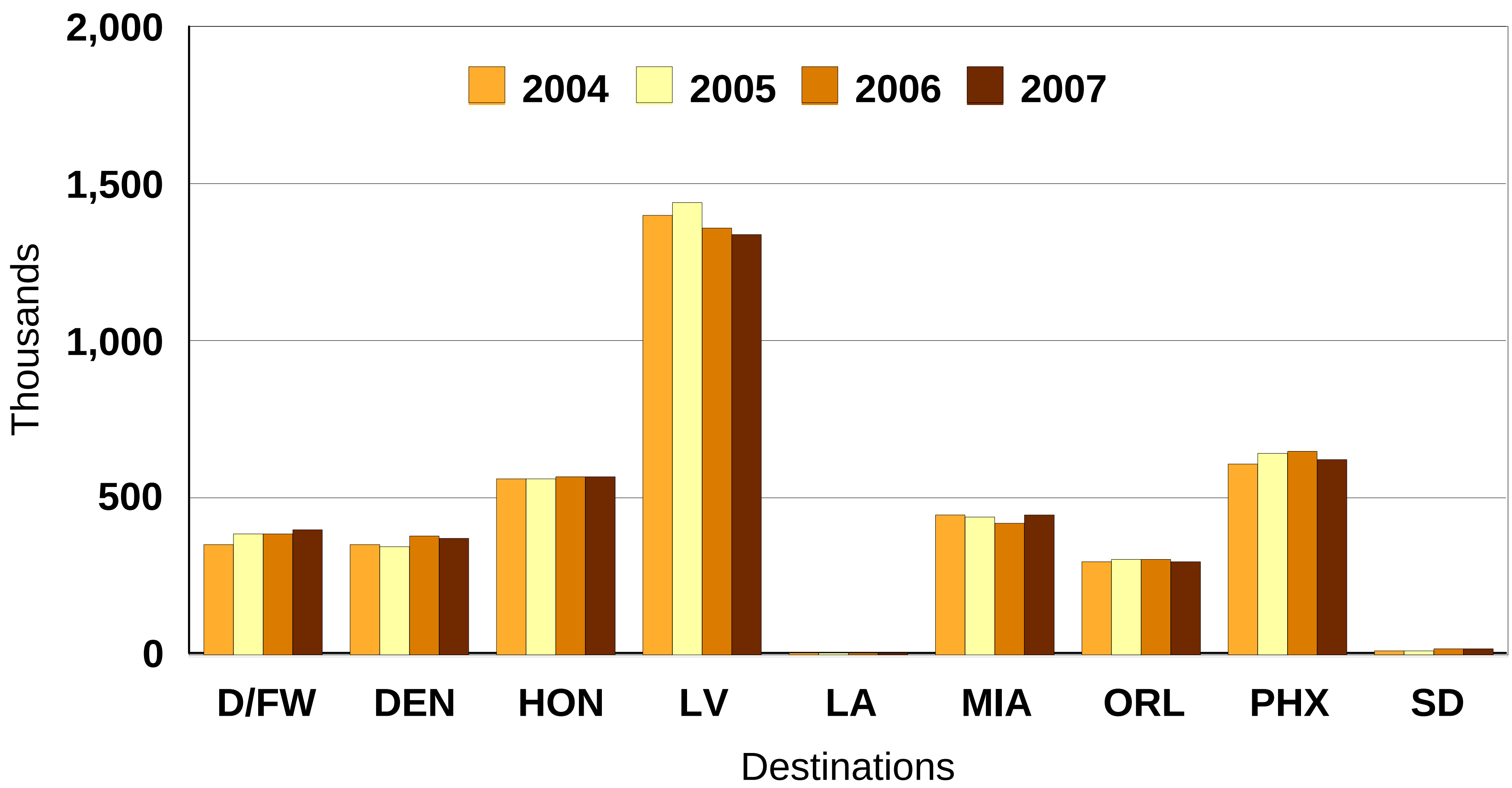
Source: Dean Runyan Associates

Top Twenty Metro Origins to Arizona
2003-07 Average Annual Change in Visitor Arrivals

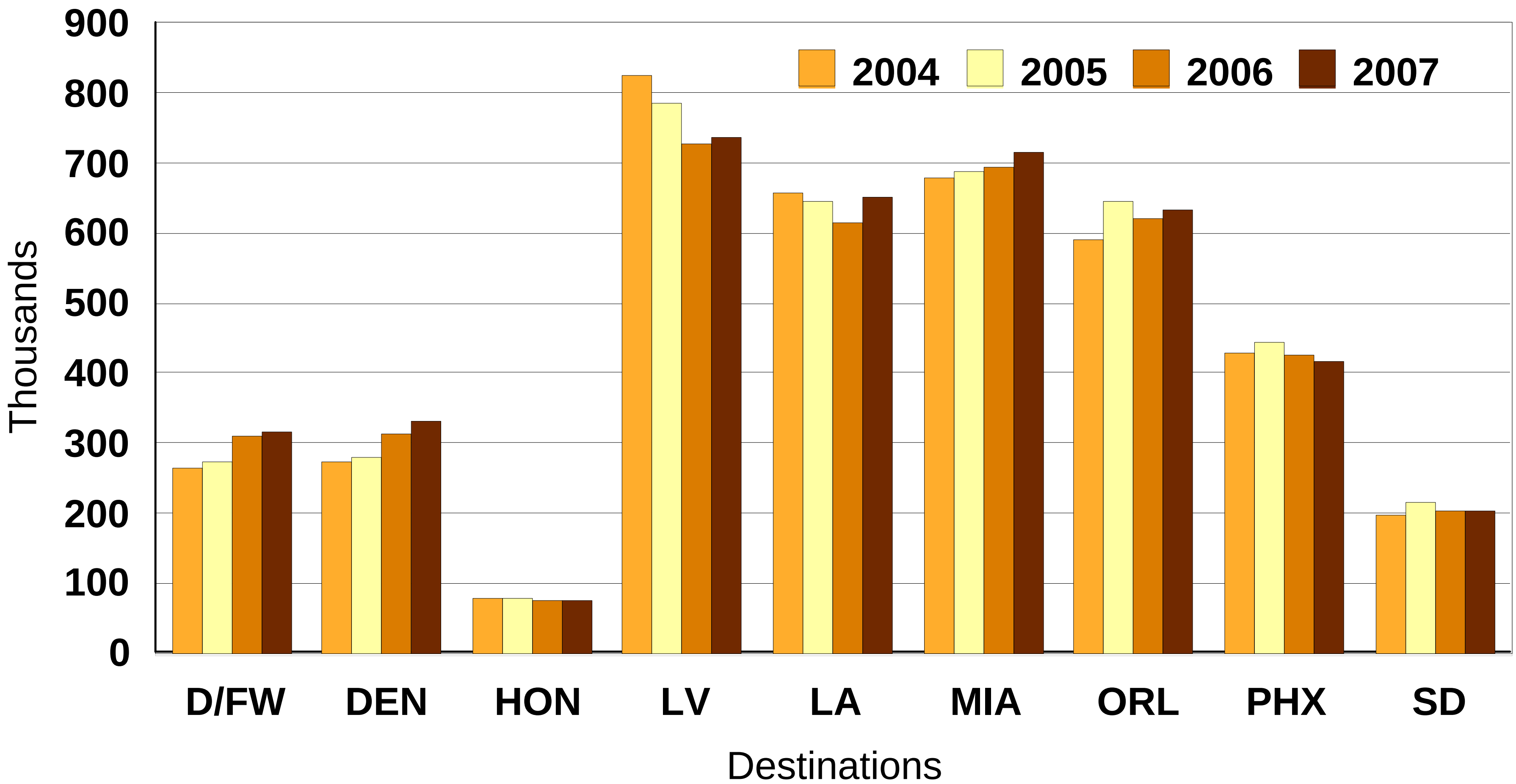


Source: Dean Runyan Associates

Los Angeles-Long Beach-Riverside, CA

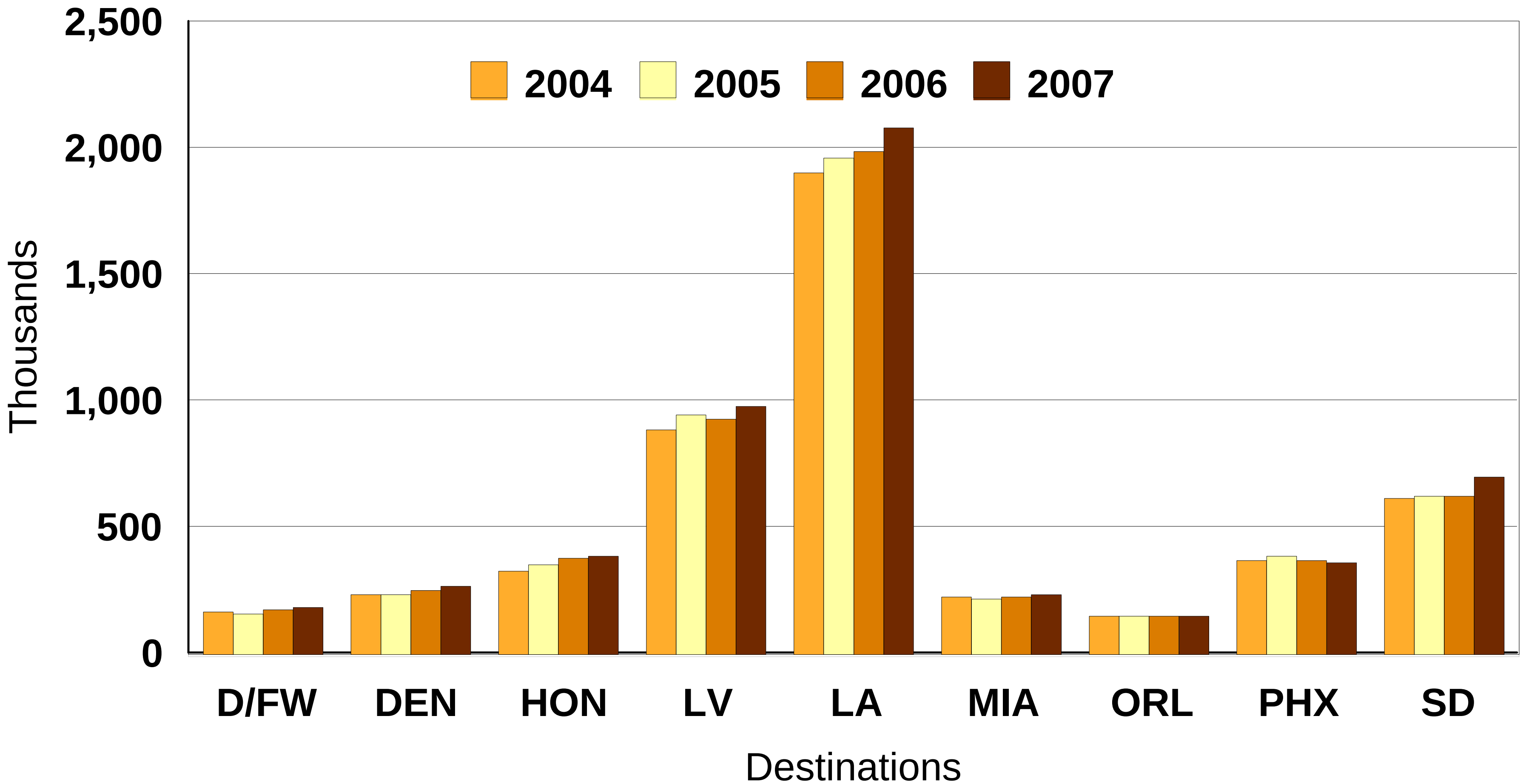


Chicago-Naperville-Michigan City, IL-IN-WI

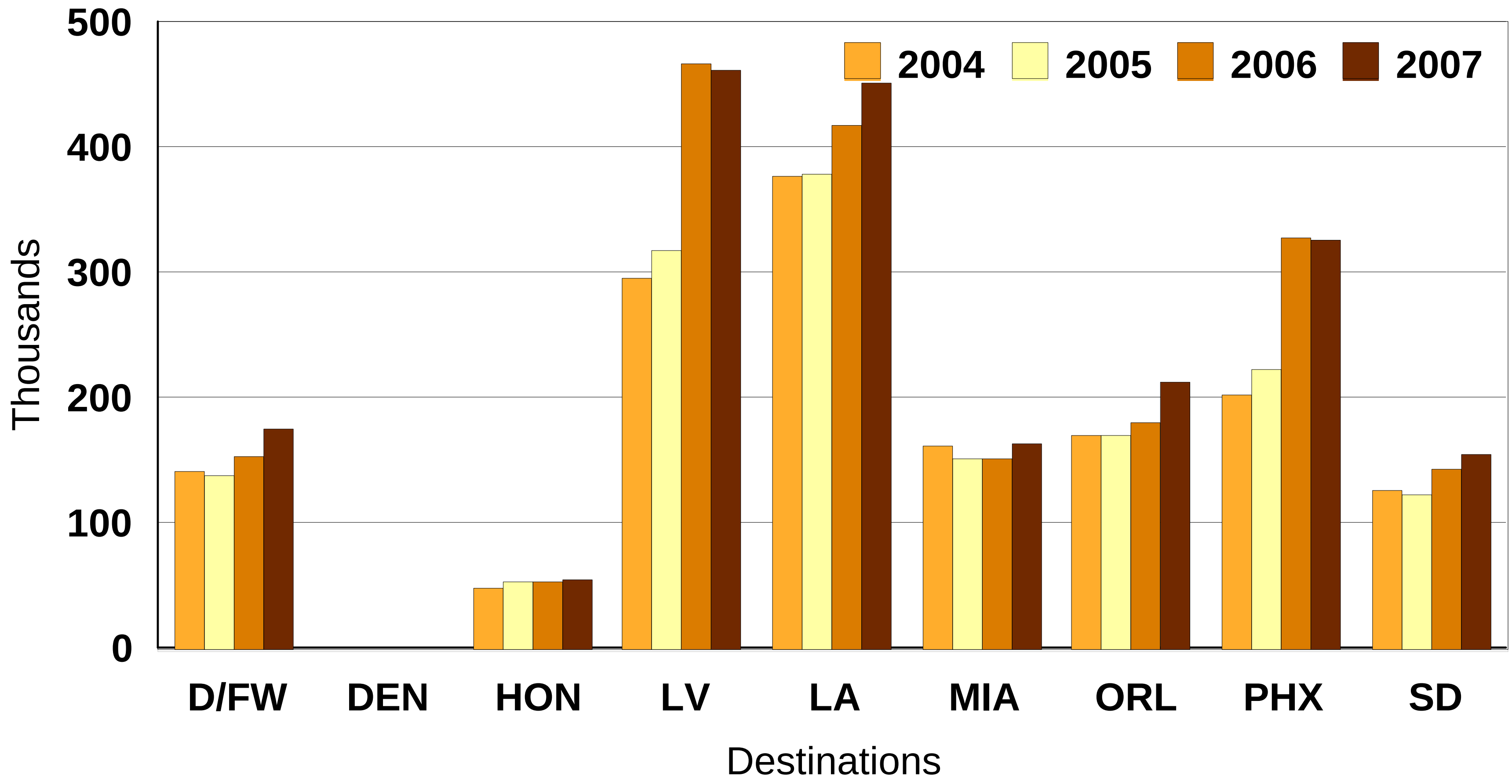


Source: Dean Runyan Associates

San Jose-San Francisco-Oakland, CA

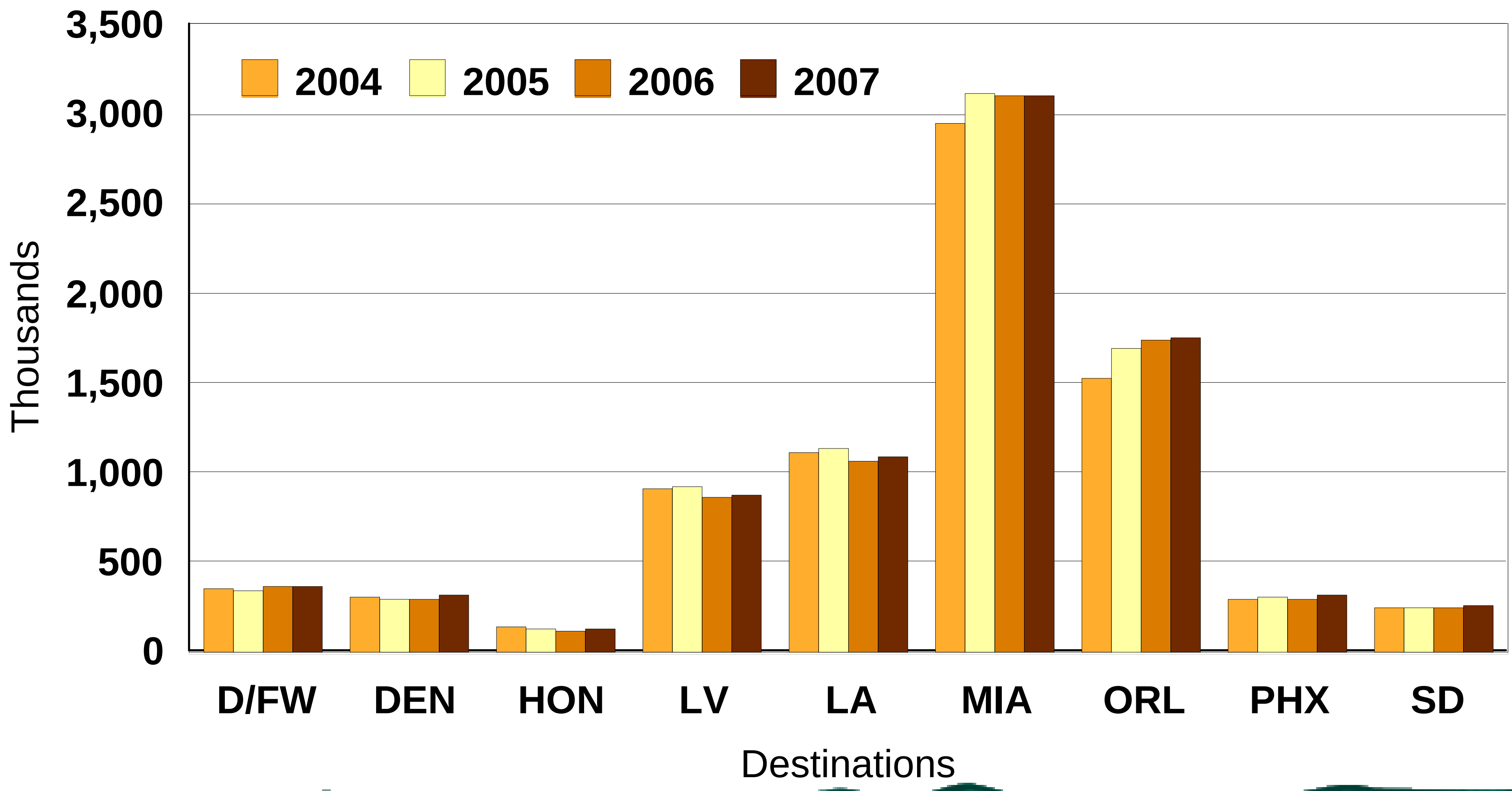


Denver-Aurora-Boulder, CO



Source: Dean Runyan Associates

New York-Newark-Bridgeport, NY-NJ-CT-PA



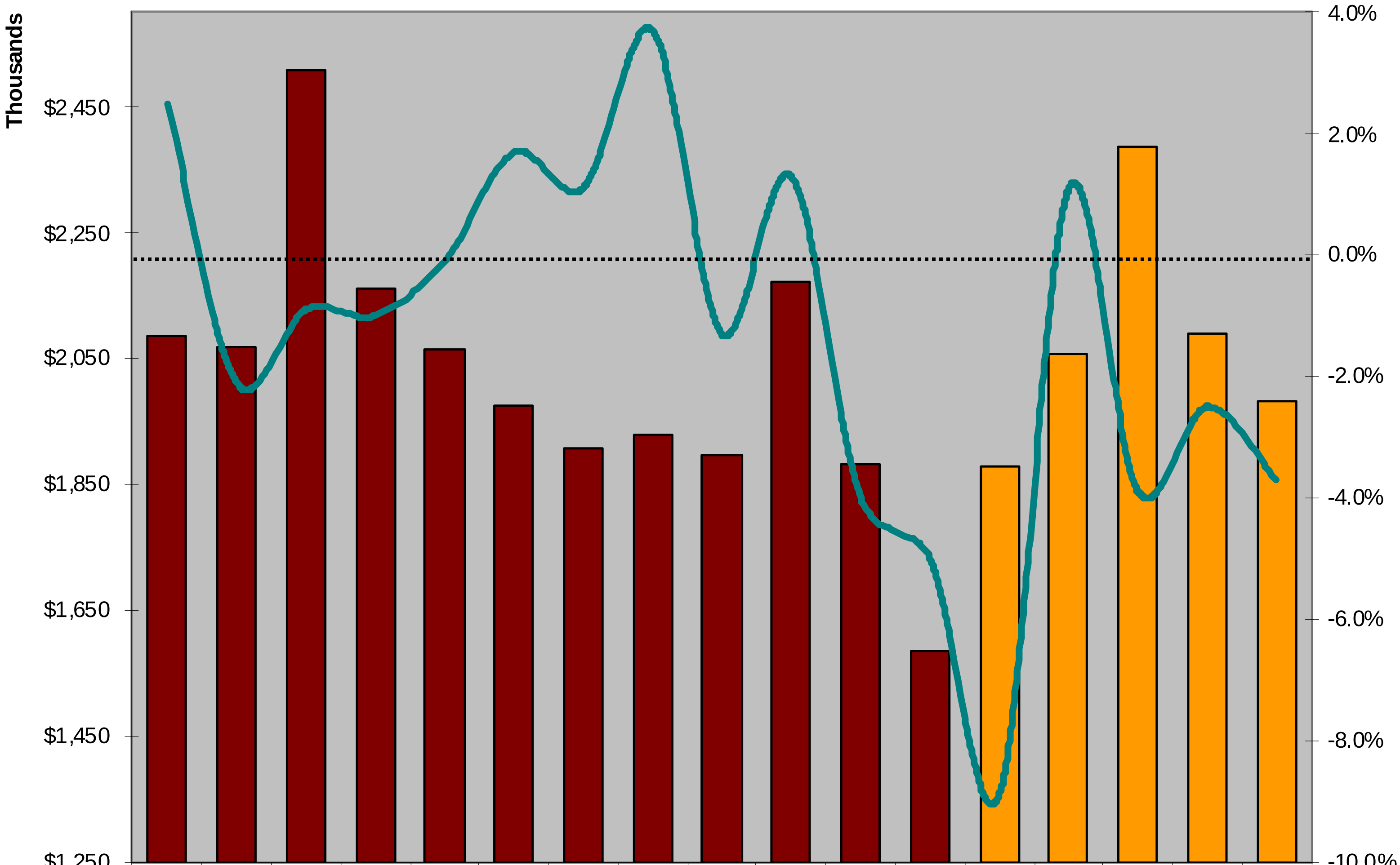
Demand ÷ Supply = Occupancy

Occupancy x Average Daily Rate (ADR)

= Revenue Per Available Room (RevPAR)

Lodging by Month- *Demand*

January 2007-May 2008



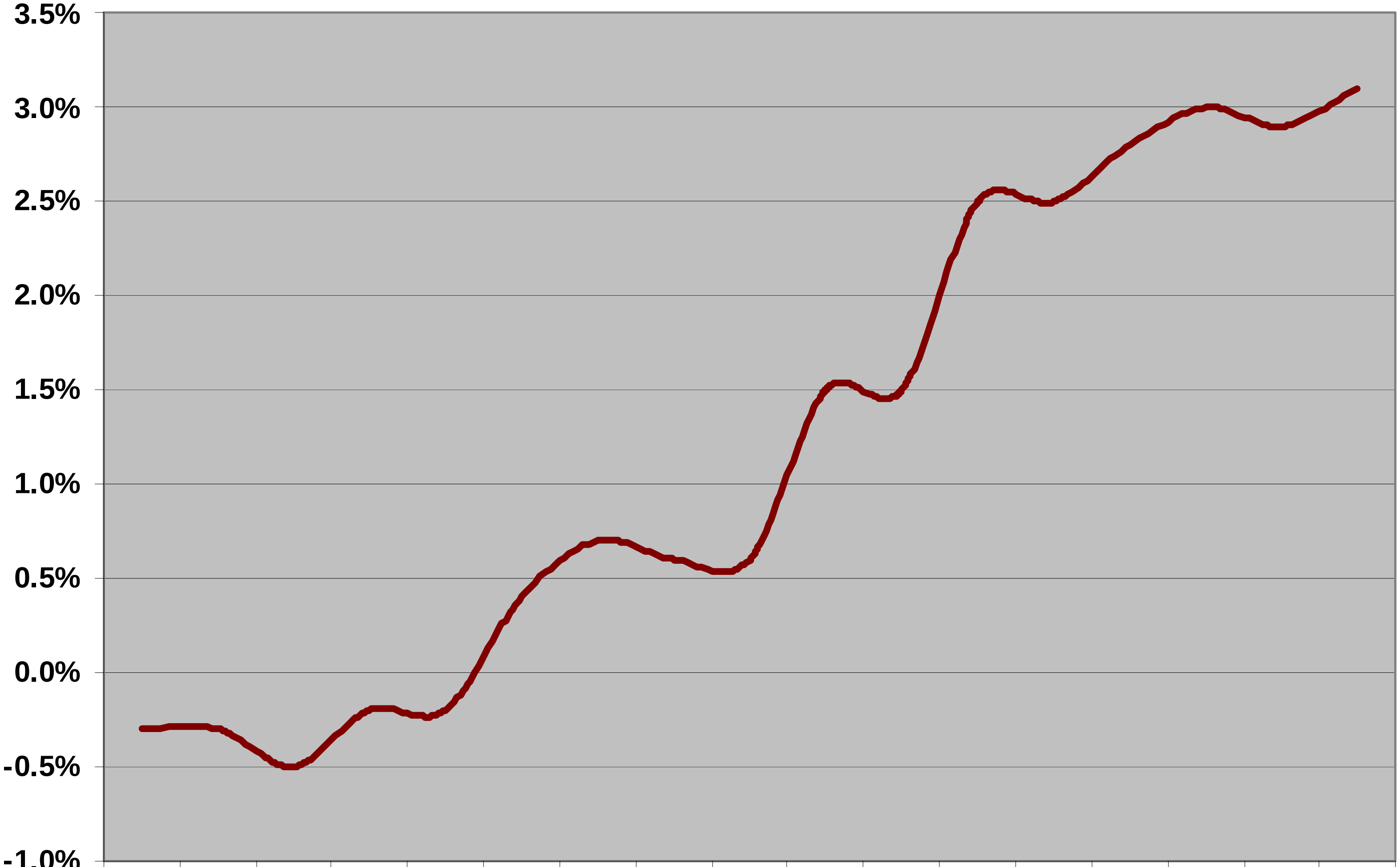
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Rooms Sold	2,087,377	2,069,677	2,507,051	2,161,925	2,063,146	1,975,525	1,907,119	1,927,104	1,897,111	2,170,295	1,881,904	1,584,154	1,878,712	2,057,658	2,385,725	2,088,901	1,981,191
% Chg	2.5%	-2.1%	-0.9%	-1.0%	-0.1%	1.7%	1.1%	3.7%	-1.3%	1.3%	-4.0%	-5.0%	-8.9%	1.1%	-3.9%	-2.5%	-3.7%

Source: Smith Travel Research

ARIZONA OFFICE OF TOURISM

Lodging by Month- *Supply*

% Change January 2007-May 2008

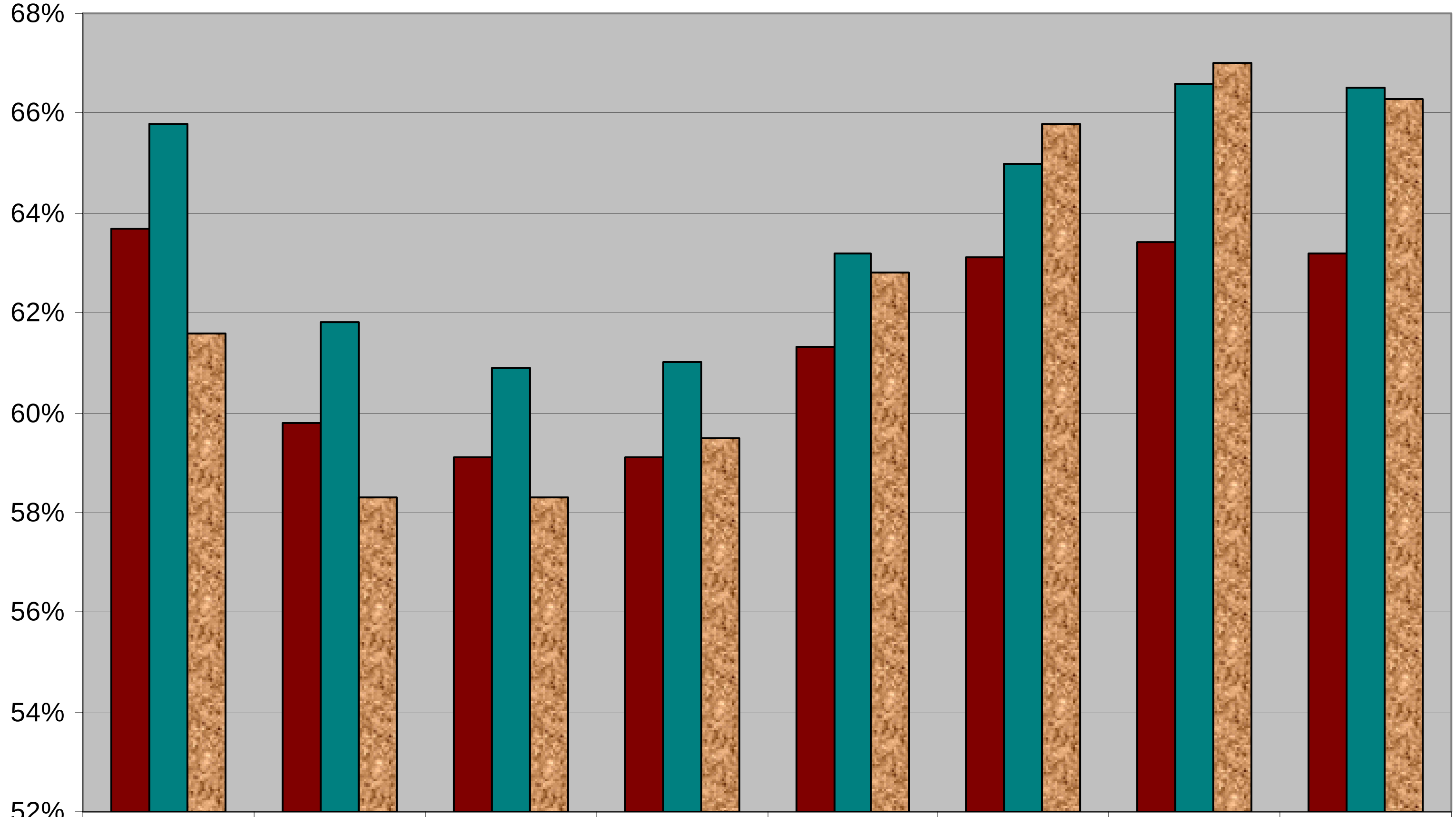


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
% Chg	-0.3%	-0.3%	-0.5%	-0.2%	-0.2%	0.4%	0.7%	0.6%	0.6%	1.5%	1.5%	2.5%	2.5%	2.8%	3.0%	2.9%	3.1%

Source: Smith Travel Research

Arizona Lodging-*Occupancy*

Mountain Region

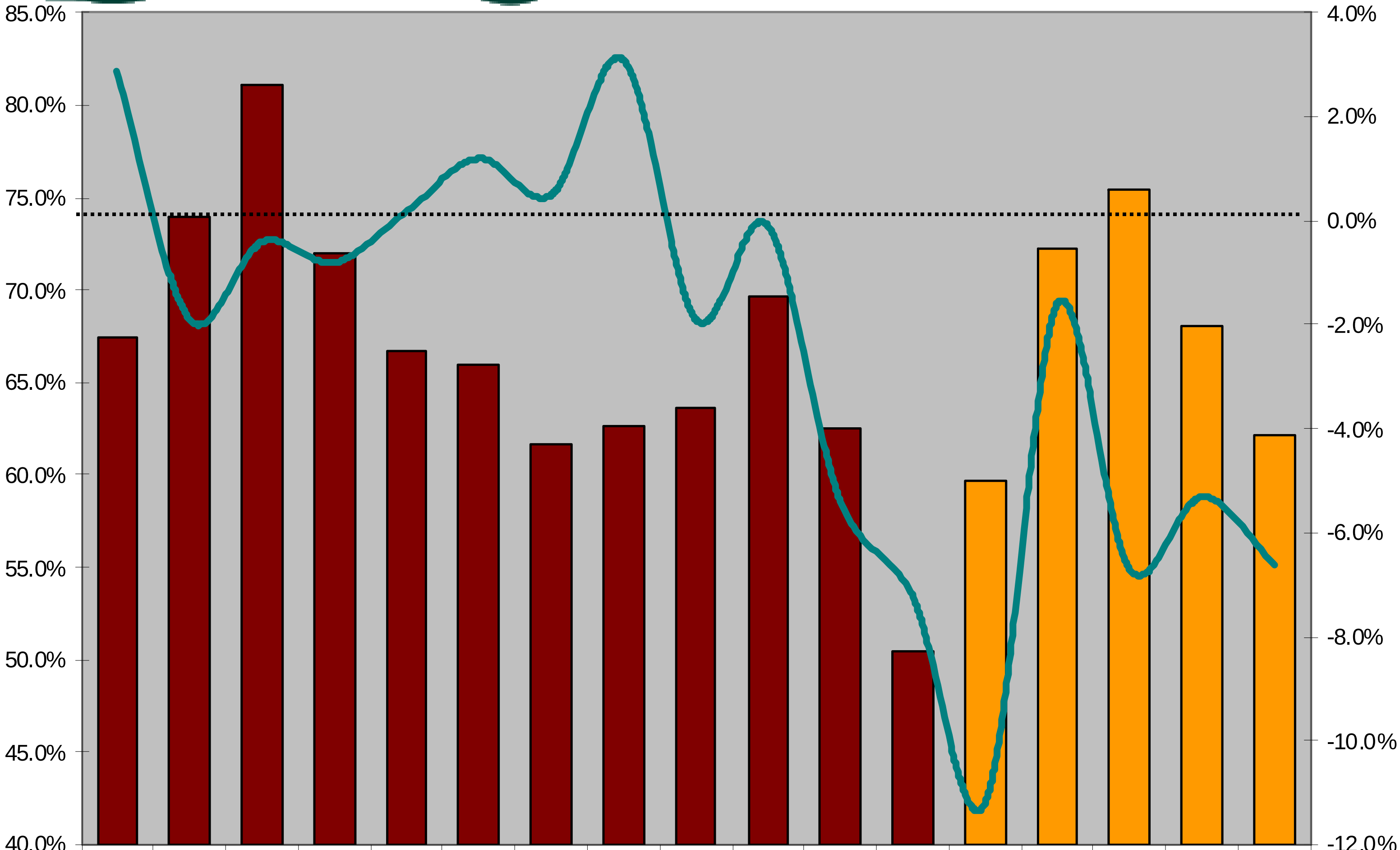


	2000	2001	2002	2003	2004	2005	2006	2007
US	63.70%	59.80%	59.10%	59.10%	61.30%	63.10%	63.40%	63.20%
Mountain Region	65.80%	61.80%	60.90%	61.00%	63.20%	65.00%	66.60%	66.50%
Arizona	61.60%	58.30%	58.30%	59.50%	62.80%	65.80%	67.00%	66.30%

Source: Smith Travel Research

Lodging by Month- *Occupancy*

January 2007-May 2008

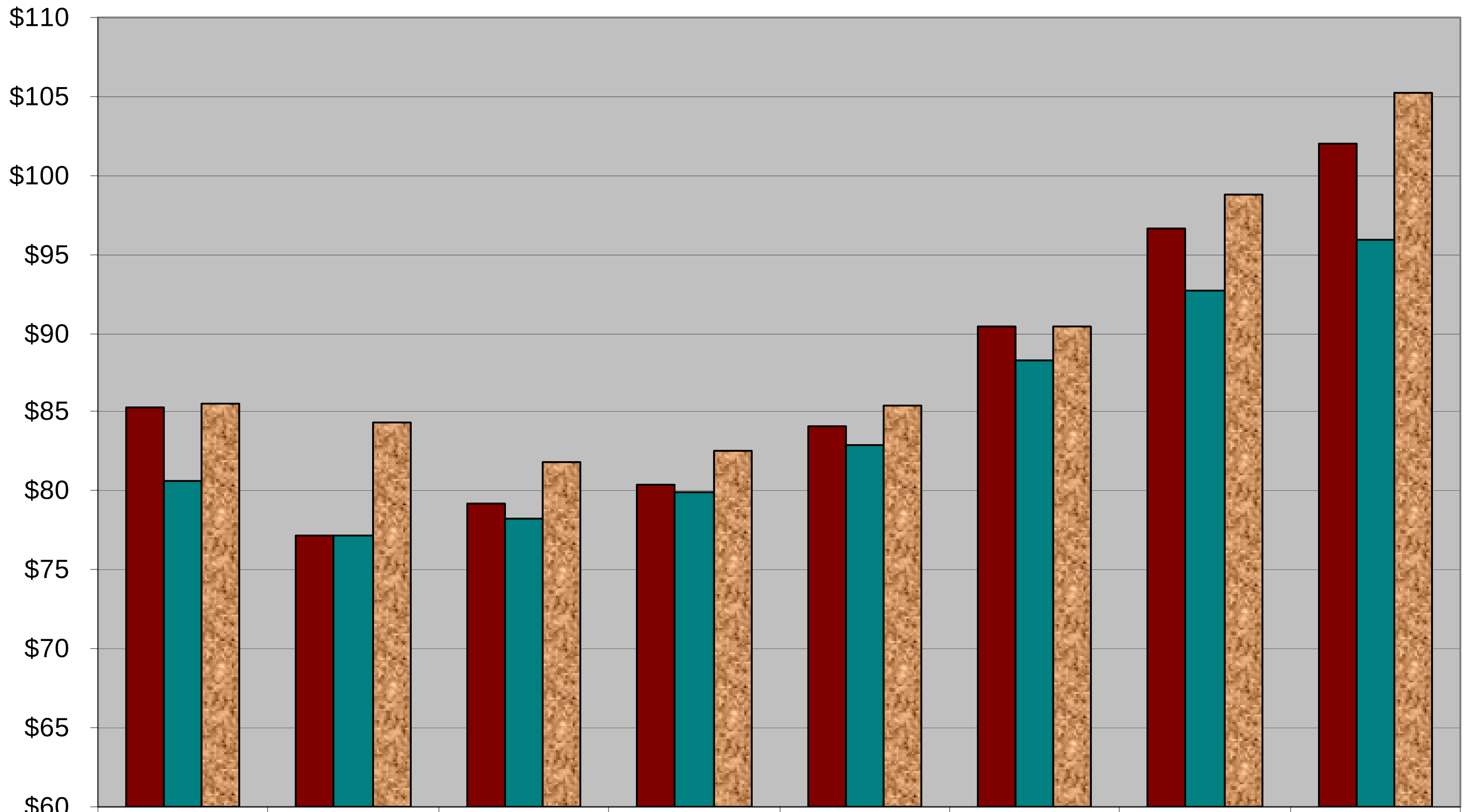


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Occupancy	67.5%	74.0%	81.1%	72.0%	66.7%	66.0%	61.7%	62.6%	63.6%	69.7%	62.5%	50.5%	59.7%	72.2%	75.4%	68.0%	62.1%
%Chg	2.9%	-1.9%	-0.4%	-0.8%	0.2%	1.2%	0.5%	3.1%	-1.9%	-0.1%	-5.4%	-7.2%	-11.2%	-1.6%	-6.7%	-5.3%	-6.6%

Source: Smith Travel Research

Arizona Lodging-*Average Daily Rate*

Mountain Region

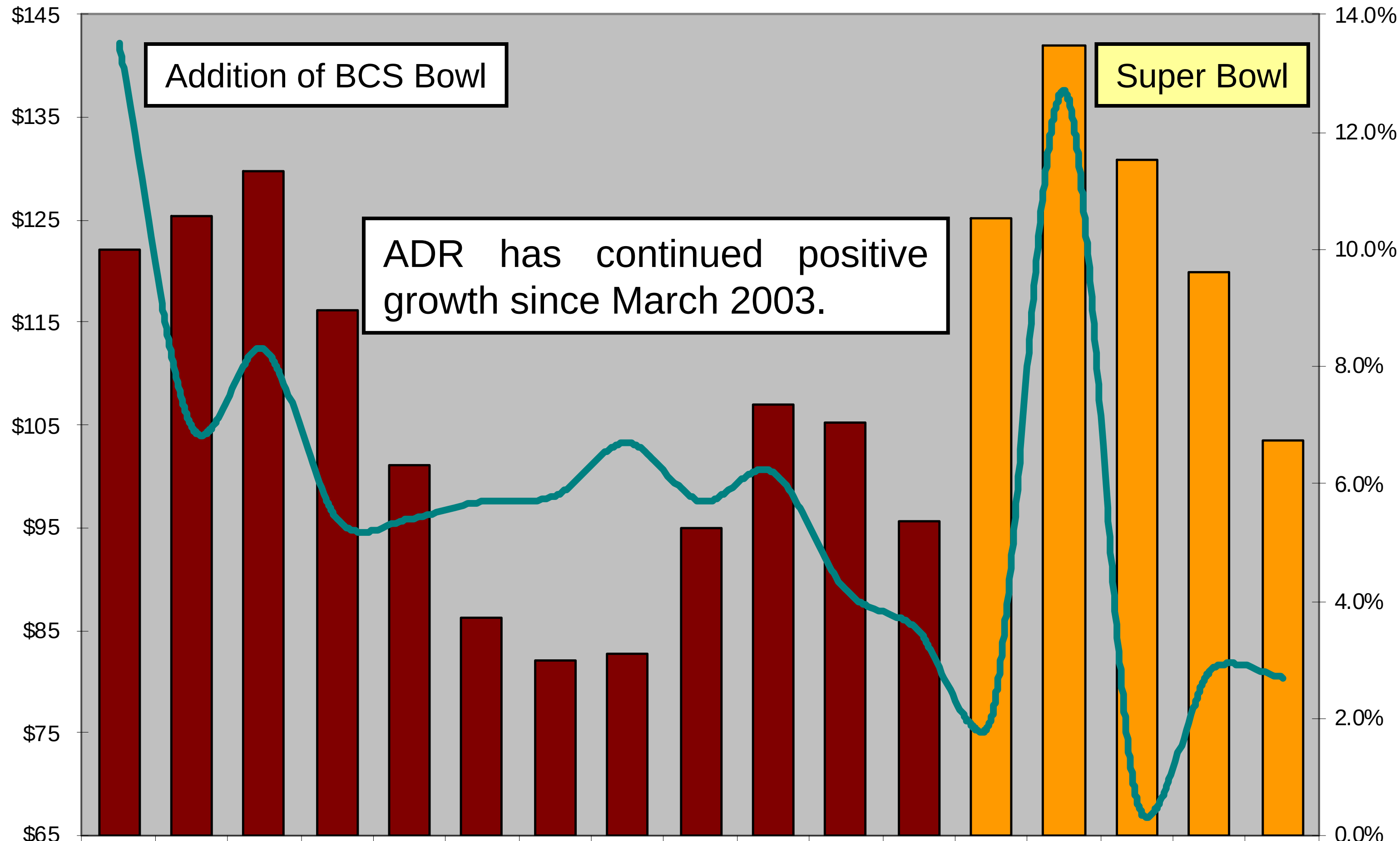


	2000	2001	2002	2003	2004	2005	2006	2007
US	$85.25	$77.14	$79.24	$80.37	$84.07	$90.37	$96.60	$102.05
Mountain Region	$80.66	$77.24	$78.25	$79.88	$82.97	$88.32	$92.72	$95.92
Arizona	$85.54	$84.37	$81.88	$82.53	$85.47	$90.39	$98.75	$105.17

Source: Smith Travel Research

Lodging by Month- *Average Daily Rate*

January 2007-May 2008

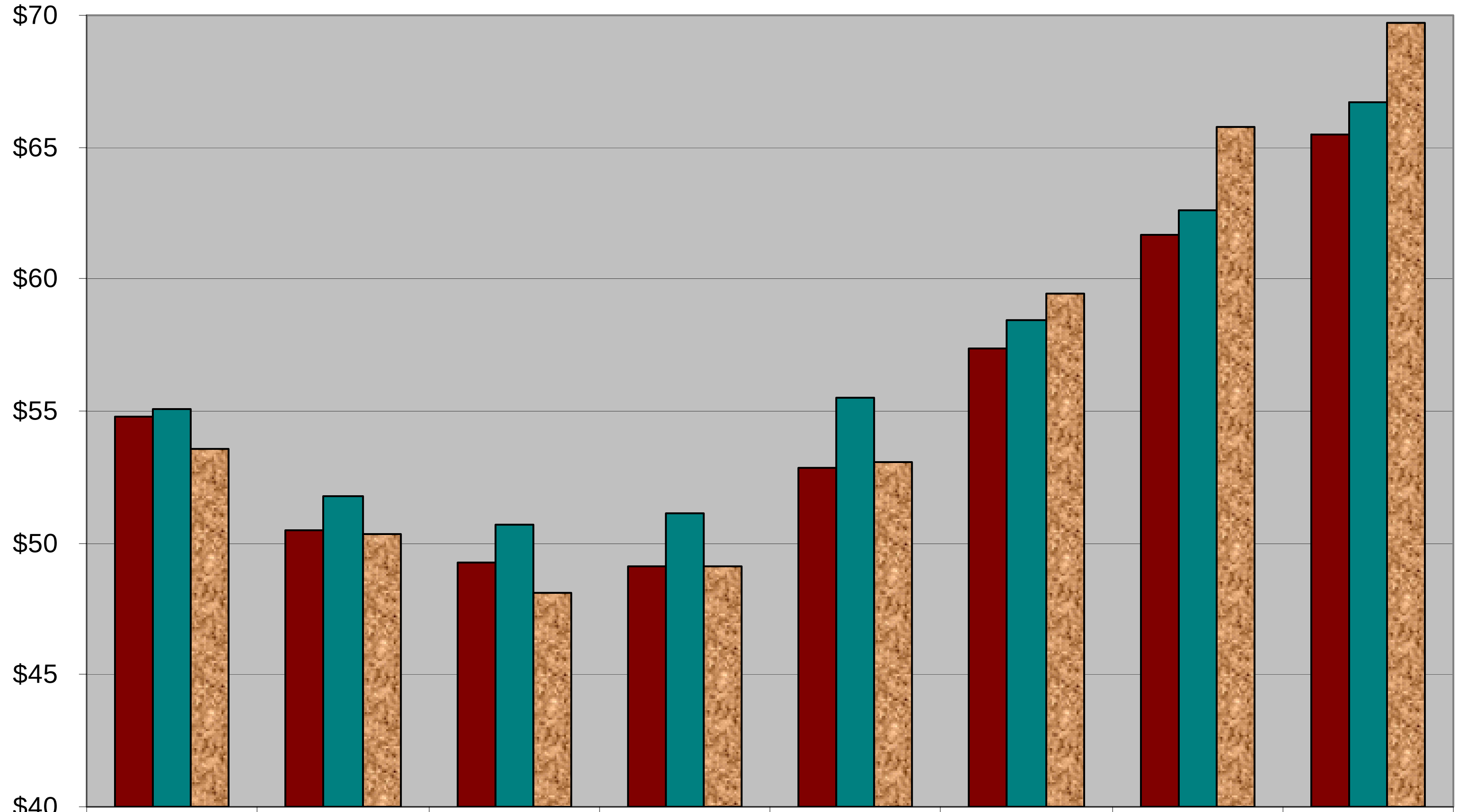


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
ADR	$122.12	$125.47	$129.68	$116.30	$101.04	$86.22	$82.15	$82.70	$94.97	$107.09	$105.33	$95.56	$125.14	$142.07	$130.82	$119.90	$103.59
% Chg	13.5%	7.0%	8.3%	5.4%	5.4%	5.7%	5.8%	6.7%	5.7%	6.2%	4.2%	3.5%	2.0%	12.7%	0.6%	2.8%	2.7%

Source: Smith Travel Research

Arizona Lodging-*Revenue Per Available Room*

Mountain Region

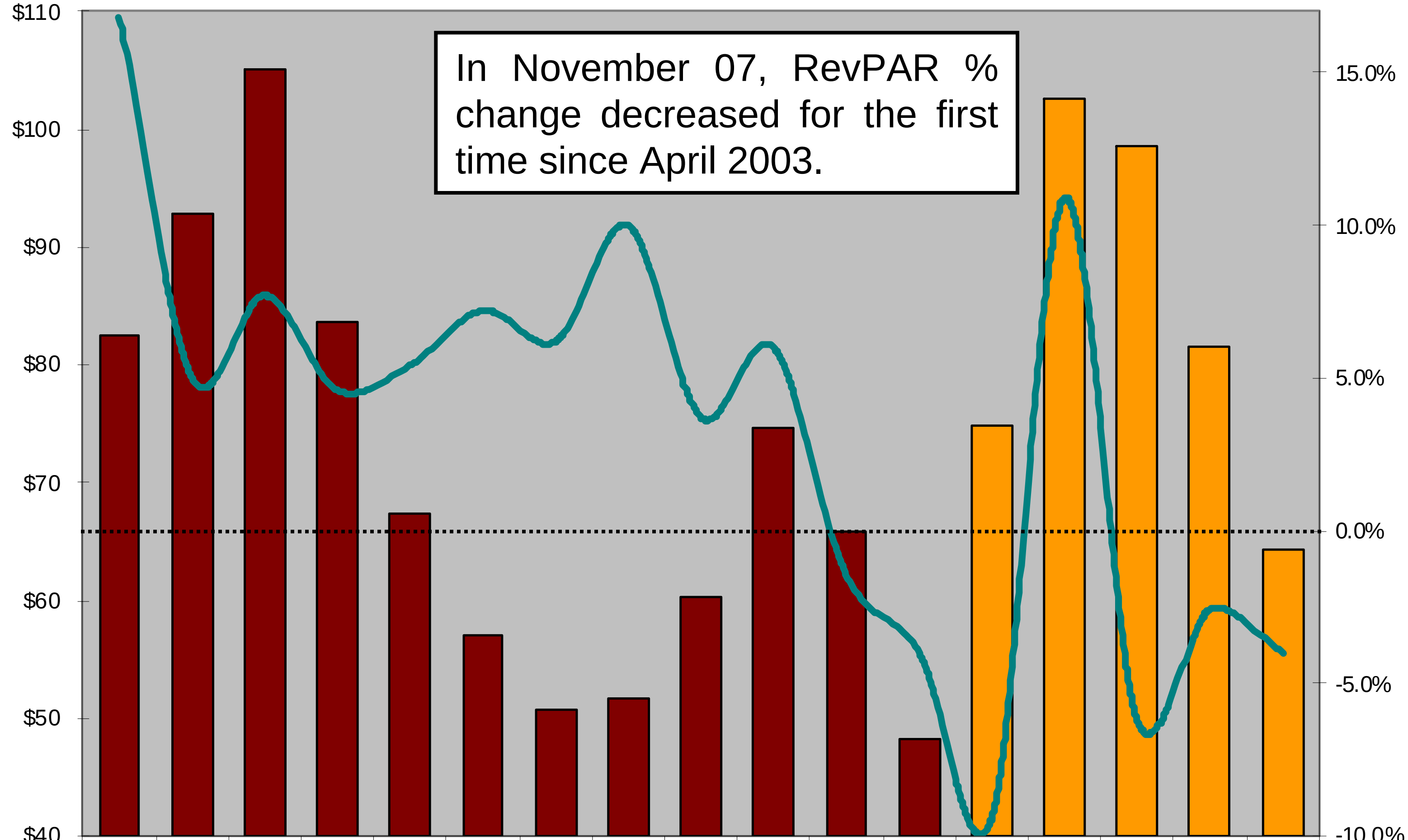


	2000	2001	2002	2003	2004	2005	2006	2007
US	$54.79	$50.49	$49.24	$49.11	$52.88	$57.39	$61.69	$65.50
Mountain Region	$55.07	$51.80	$50.72	$51.13	$55.52	$58.41	$62.58	$66.67
Arizona	$53.57	$50.34	$48.09	$49.13	$53.06	$59.47	$65.74	$69.69

Source: Smith Travel Research

Lodging by Month- *Revenue Per Available Room*

January 2007-May 2008



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
RevPAR	$82.43	$92.85	$105.11	$83.73	$67.39	$56.95	$50.69	$51.74	$60.37	$74.59	$65.86	$48.22	$74.77	$102.60	$98.64	$81.59	$64.32
% Chg	16.8%	5.0%	7.7%	4.6%	5.4%	7.2%	6.2%	10.0%	3.7%	6.0%	-1.4%	-4.0%	-9.4%	10.9%	-6.2%	-2.6%	-4.0%

Source: Smith Travel Research

Arizona Lodging by County

Yuma County	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	%Change 98'-07'	%Change 06'-07'
Occupancy	62.5%	60.4%	61.6%	57.2%	61.5%	63.3%	69.7%	72.4%	72.8%	66.4%	6.2%	-8.8%
ADR	$49.97	$53.14	$54.99	$55.93	$55.65	$58.31	$61.35	$65.58	$71.88	$77.13	54.4%	7.3%
RevPAR	$31.22	$32.12	$33.88	$32.01	$34.22	$36.90	$42.73	$47.46	$52.33	$51.20	64.0%	-2.1%
Supply	-	-	-	-	-	-	-	-	-	-	29.6%	4.7%
Demand	-	-	-	-	-	-	-	-	-	-	37.7%	-4.5%

Arizona	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	%Change 98'-07'	%Change 06'-07'
Occupancy	62.0%	60.9%	61.7%	58.8%	58.3%	59.5%	62.8%	65.8%	66.9%	66.3%	7.0%	-0.9%
ADR	$84.07	$83.49	$85.54	$84.37	$81.88	$82.53	$85.47	$90.39	$98.75	$105.17	25.1%	6.5%
RevPAR	$52.09	$50.84	$52.82	$49.62	$47.77	$49.13	$53.68	$59.47	$66.10	$69.69	33.8%	5.4%
Supply	-	-	-	-	-	-	-	-	-	-	12.3%	-0.6%
Demand	-	-	-	-	-	-	-	-	-	-	21.5%	0.4%

Source: Smith Travel Research

Trends

Environmental Scan

1. Geo-political development
2. Economic & travel trends – Last Child in the Woods (Richard Louv)
3. Growing Dominance of the Web
4. Rising environmental consciousness – From Green to Gold (Andrew Winston & Daniel Esty)
5. Lifestyle & Career value shifts – The Rise of the Creative Class (Richard Florida)
6. Oil price threats
7. Workforce shortages
8. Internationalization of the world - The World is Flat (Tom Friedman)

-Dropping stock values

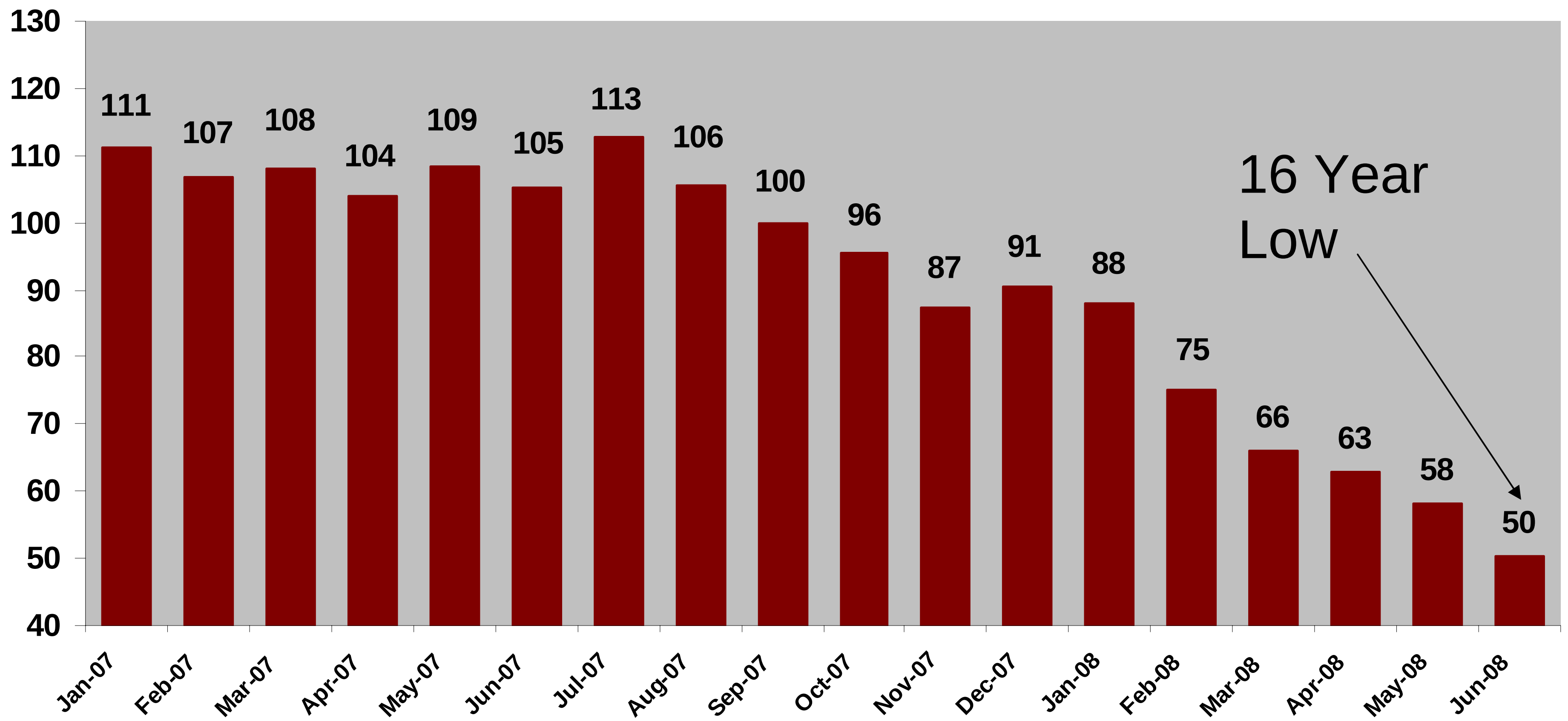
-Dropping home prices

-Rising fuel and grocery costs

-Stagnant wages

-Weak dollar

Consumer Confidence



Source: The Conference Board

1. Shorter Trips

2. Closer to Home

3. Trading down accommodations

4. Spending less on souvenirs

STAYCATION

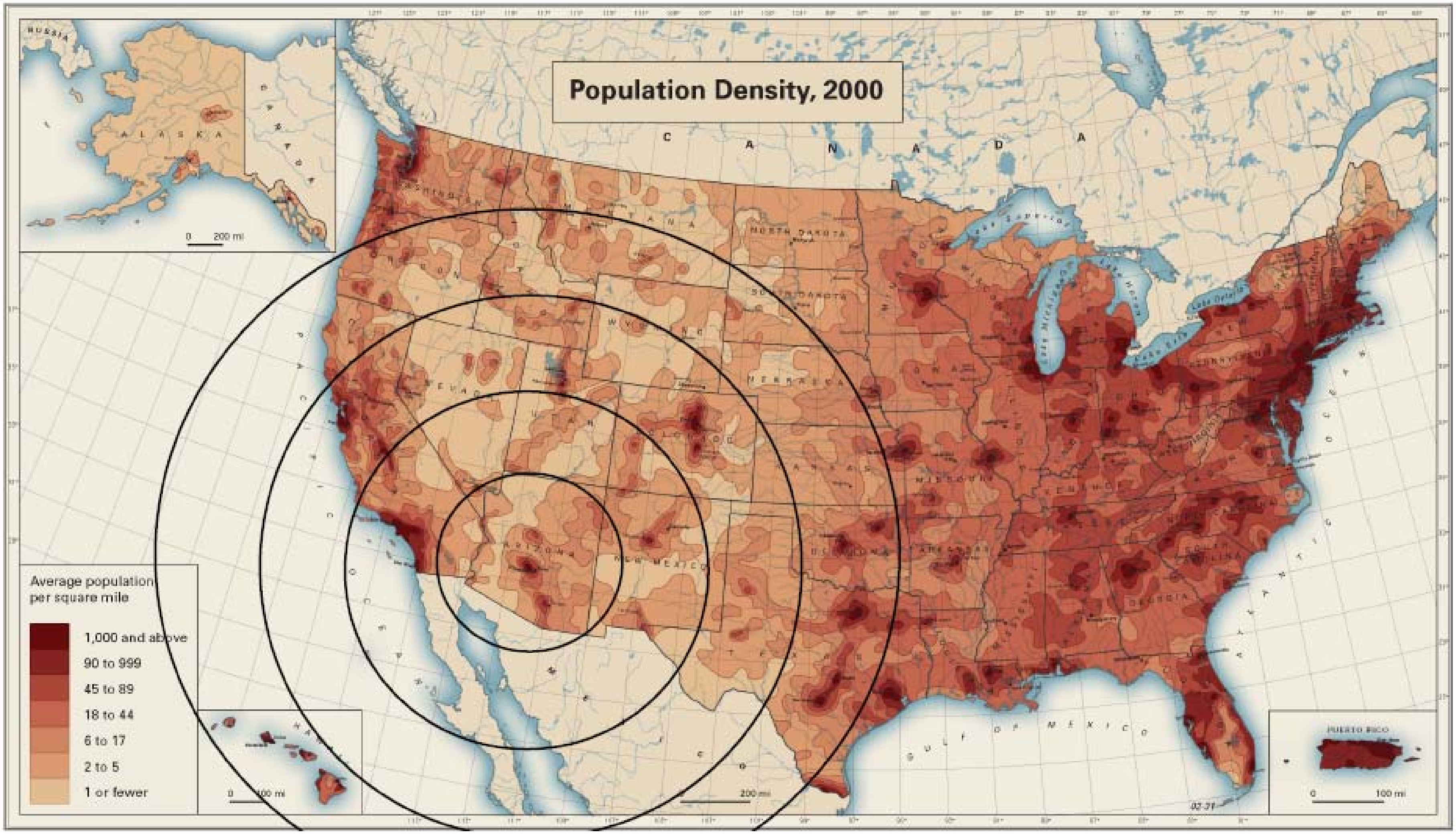
•People are taking vacation time and spending it in their own back yard.

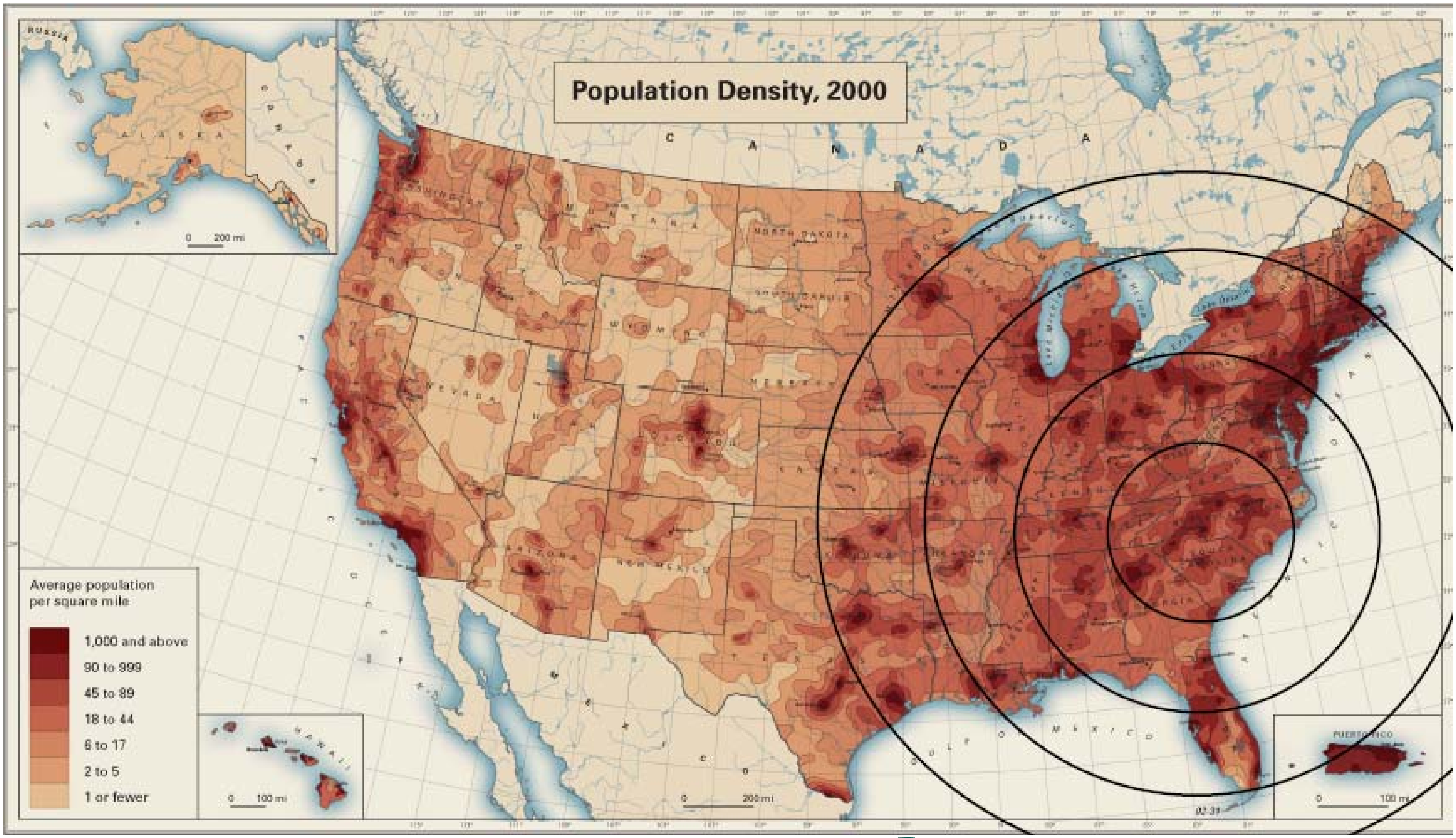
•CNN.com: "Staycations: Alternative to pricey, stressful travel"

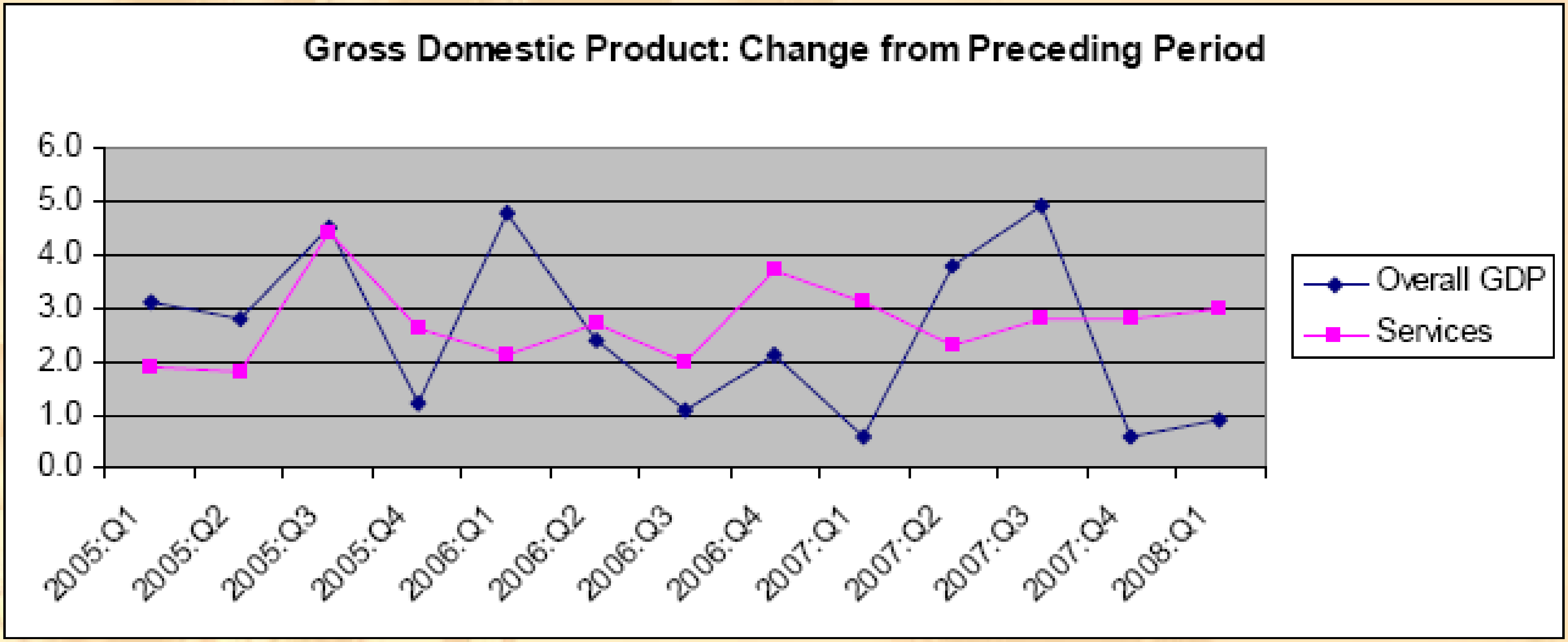
•"About 1.3 percent fewer Americans are expected to fly this summer than last summer, according to the Air Transport Association."

•"If you've made it to the end of your staycation without killing each other or filing for divorce, you've earned yourselves a real vacation. "

Source: CNN.com, Air Transport Association


Population Density, 2000
Average population per square mile
1,000 and above
90 to 999
45 to 89
18 to 44
6 to 17
2 to 5
1 or fewer
C A N A D A
ALASKA
NORTH DAKOTA
SOUTH DAKOTA
NEBRASKA
MISSOURI
ARIZONA
NEW MEXICO
GEORGIA
GULF OF MEXICO
PUERTO RICO


Population Density, 2000
CANADA
NORTH DAKOTA
SOUTH DAKOTA
NEVADA
ARIZONA
NEW MEXICO
Average population
per square mile
1,000 and above
90 to 999
45 to 89
18 to 44
6 to 17
2 to 5
1 or fewer
PUERTO RICO
HAWAII
ALASKA
0 200 mi
0 100 mi



Source: Dr. Jim Petrick, Texas A&M University

How are they Behaving (The Good'ish)

- +10% in domestic trips by U.S. tourists in 2nd Q.[3]
  - Majority booked in 1st quarter!
- 58% increase in U.S. reservations made abroad![3]
- 16% of tax rebate checks to be spent on travel[4]
  - = an estimated $12 billion
- 6/10 Americans = Gas prices won't effect travel plans[9]
- Int'l visits up 15% in Feb. (expected to continue)[9]
- CPI is decent (if you take out oil; housing not in)[4]

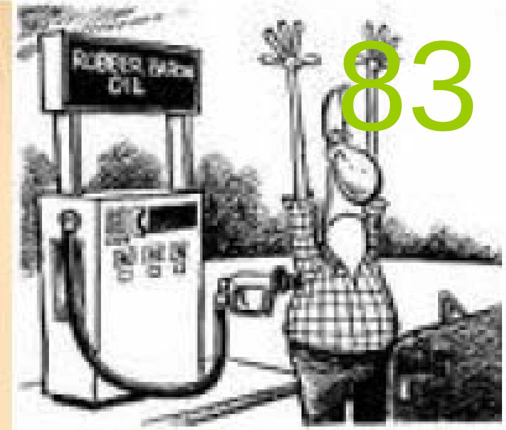
Source: Dr. Jim Petrick, Texas A&M University

How are they Behaving (the Bad)

- Trip modification has begun[5]:
  - Shorter and closer to home (still traveling)
- TIA's travel price index is up 7.5% from last year
- Memorial Day driving down .9%[6]
- 16% will take fewer trips in '08[9]
- RV sales (predicted) 14% decline in '08[9]
- Summer vacations are predicted to be down 7%
- AAA predicts only a 1 to 1.5% decline in travel this summer.

Source: Dr. Jim Petrick, Texas A&M University

How are they Behaving (the Ugly)

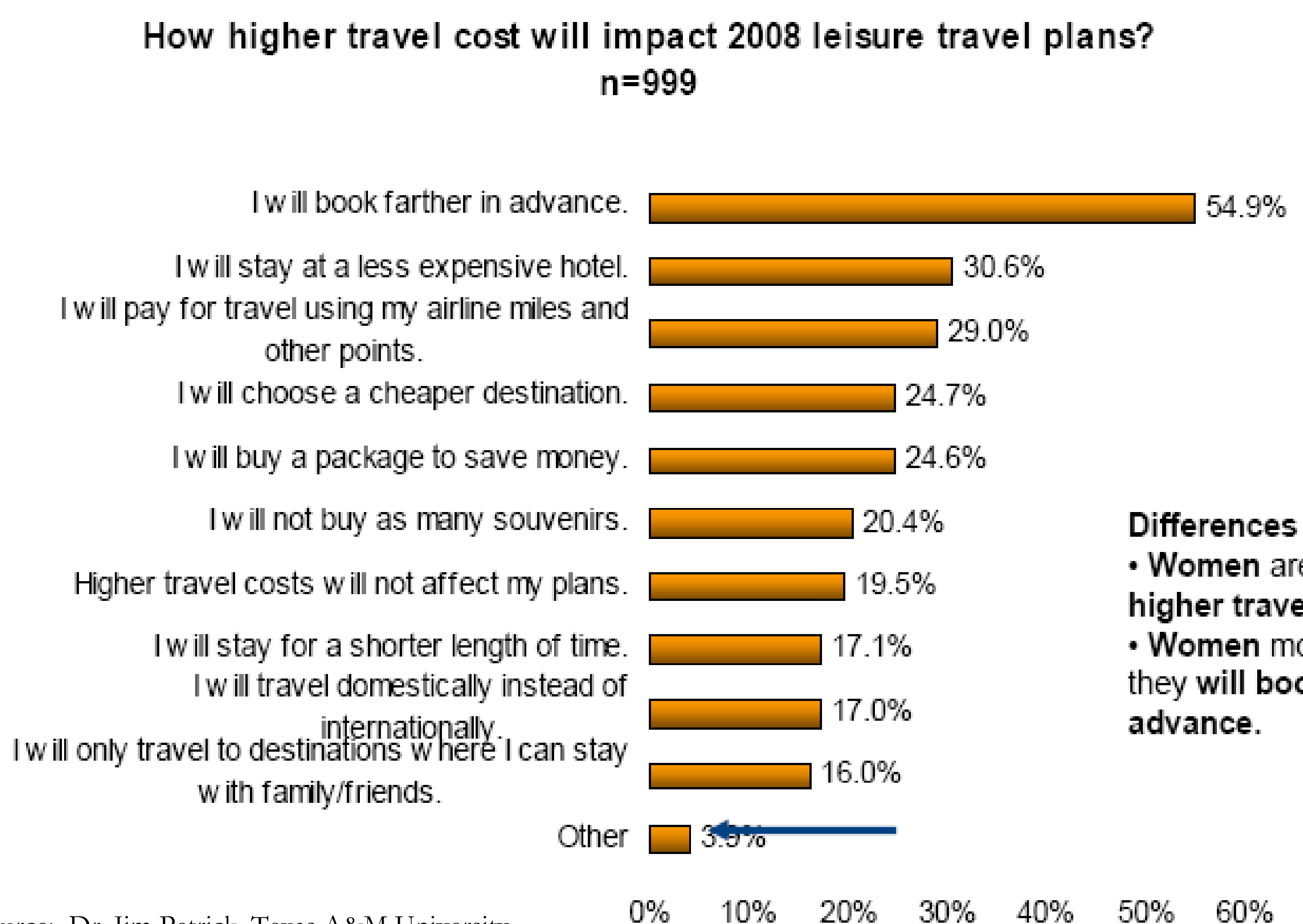


- 49% expect to spend less $ this summer[7]
- 52% will spend more vacation time at home[7]
- Air travel ($ + hassles); down 2.1% in March[6]
  - Predicted to be down 2% for the summer
- More reasons to worry…
  - Gas prices (‘nuf said)
  - Rising inflation (3.9%) w/ income +1.9%
  - CCI continues to plunge

Source: Dr. Jim Petrick, Texas A&M University

[7] FYI: BH&G subscriber study (sample = 97% female)

Higher travel cost will impact 2008 leisure travel plans by causing people to book farther in advance, stay at less expensive hotels, and use airline miles and points more often. [7]



Source: Dr. Jim Petrick, Texas A&M University

Differences by demographics:
- **Women** are impacted more by **higher travel cost.**
- **Women** more often report that they **will book farther in advance.**

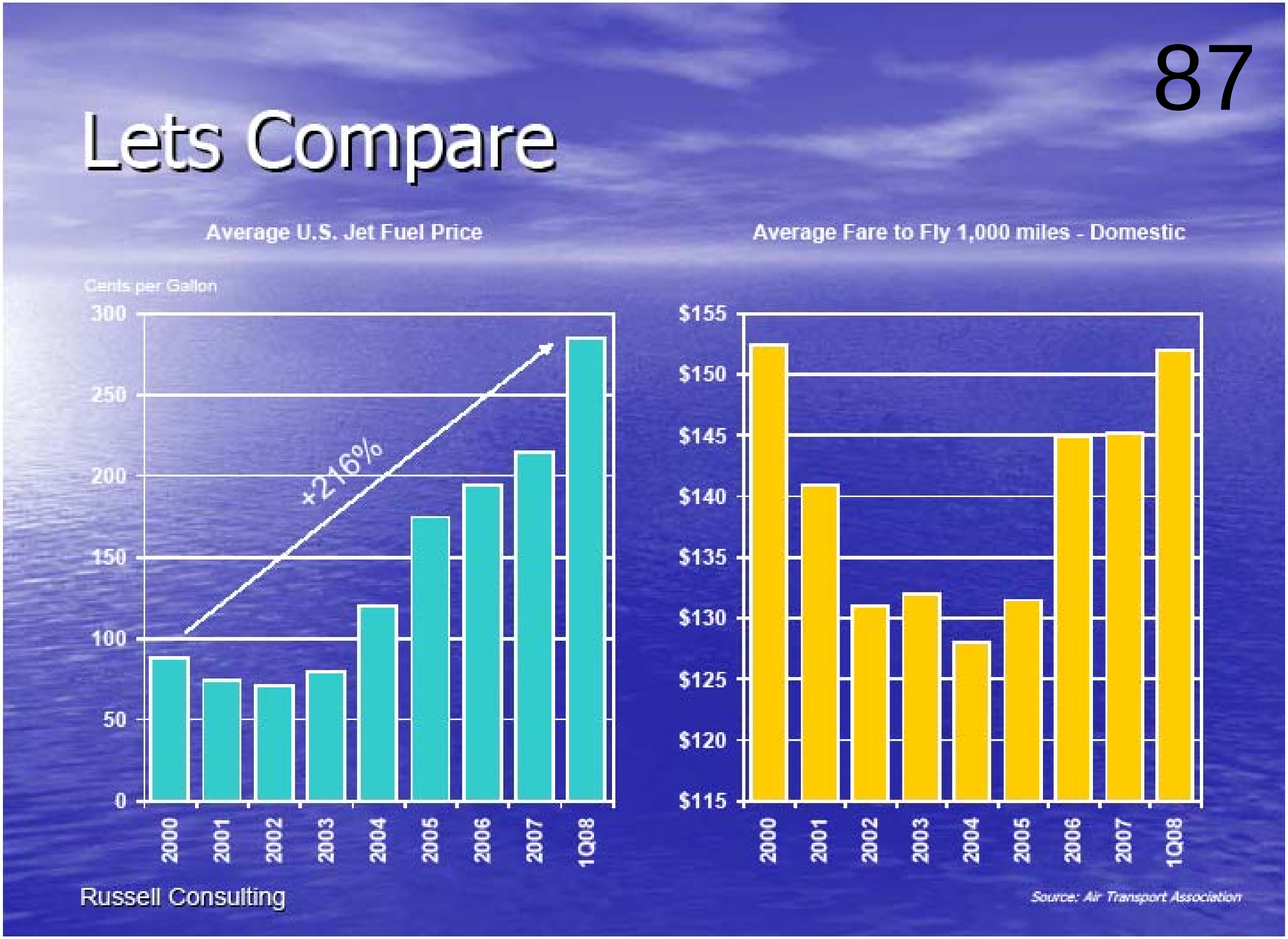
Question: How, if at all, will higher travel costs (due to higher airfare, hotel rates, etc.) impact your 2008 leisure travel plans?

What does this Mean?

- We need to cater to our own!
- Value will win out over quality
- Int'l travel is back
- Our research (as always) is confusing
- WHEN economy changes…
  - We (esp. airlines) will have to win 'em back
  - New Markets will emerge
  - Latent demand

Source: Dr. Jim Petrick, Texas A&M University

Source: Dr. Jim Petrick, Texas A&M University

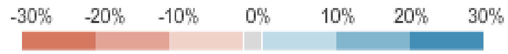


Source: Russell Consulting; Air Transport Association

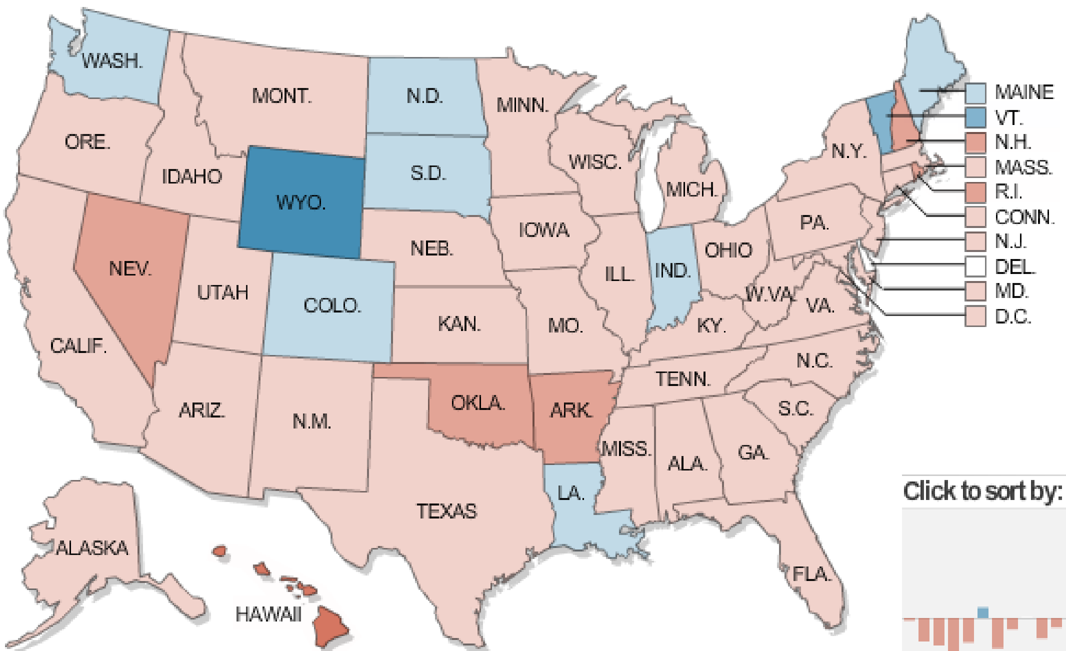
Airline cutbacks ripple across the U.S.

States are seeing reduced capacity this year on domestic flights out of their airports. Some airlines have made cuts already, but the biggest reductions will come this fall. **Roll over a state to see the change in total seats for all airports within that state, along with changes for its top airports.**

Examine state by state



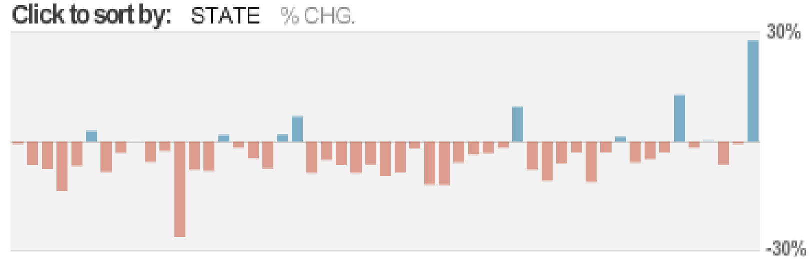
Percentage change in seats on departing domestic flights, October 2008 vs. October 2007. Based on USA TODAY analysis of preliminary airline schedule data from OAG - Official Airline Guide as of June 9, 2008.



Large airports with big losses

-23.3%	Honolulu Oahu*
-20.1%	Oakland
-15.9%	Kansas City
-12.6%	Santa Ana (John Wayne)
-12.4%	Cincinnati
-12.4%	Chicago (Midway)
-12%	Las Vegas
-10.8%	Raleigh/Durham
-10.2%	Pittsburgh
-10.2%	Orlando

*Much of this decrease is service from Honolulu to other Hawaiian islands. Service from the lower 48 to Honolulu is down 11.4%.



CREDITS: William Couch, Barbara Hansen, Anne Carey

Source: USA Today

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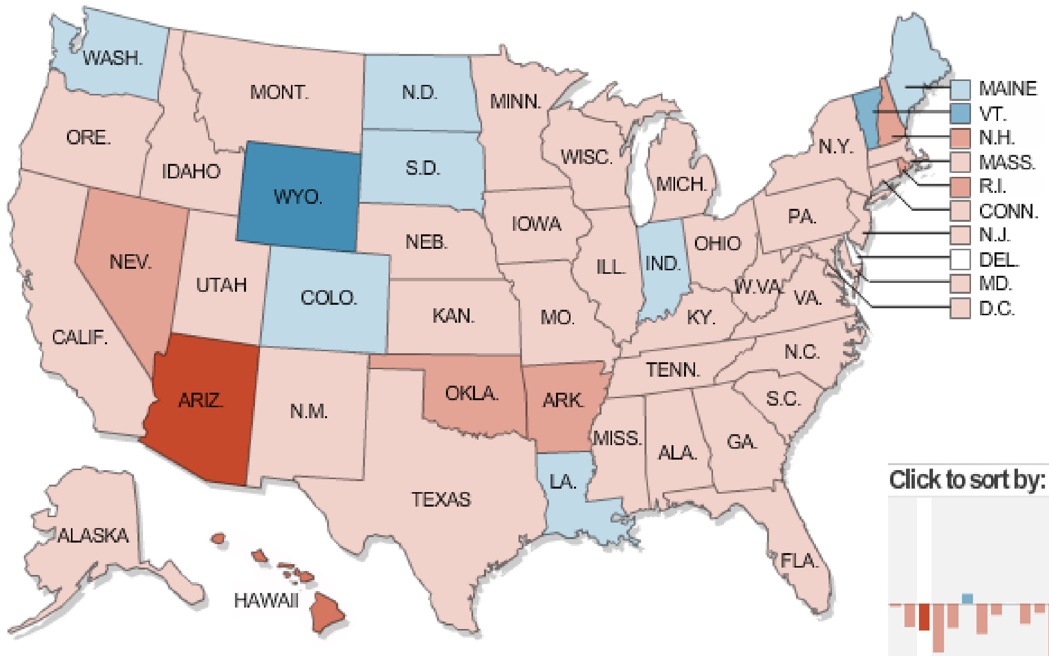
Examine state by state

-30% -20% -10% 0% 10% 20% 30%

Percentage change in seats on departing domestic flights, October 2008 vs. October 2007. Based on USA TODAY analysis of preliminary airline schedule data from OAG - Official Airline Guide as of June 9, 2008.

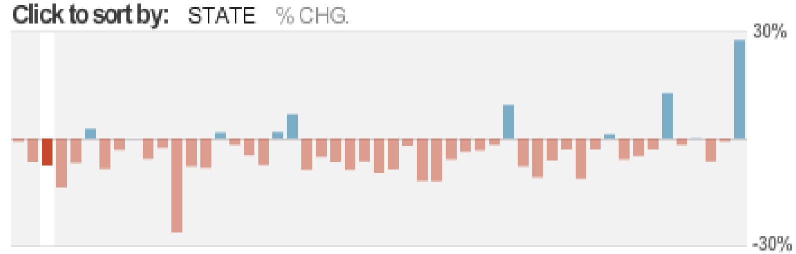


Arizona

SEATS *	CHG **	CODE	AIRPORT
68,835	-7.5%	PHX	Phoenix
7,204	-10.2%	TUS	Tucson
375	14.3%	YUM	Yuma
339	88.5%	FLG	Grand Canyon (Pulliam)
0	-100%	IFP	Bullhead City

* Avg. daily seats on departures to domestic airports, October 2008.
** Change from October 2007.

Click to sort by: STATE % CHG.



CREDITS: William Couch, Barbara Hansen, Anne Carey

Source: USA Today

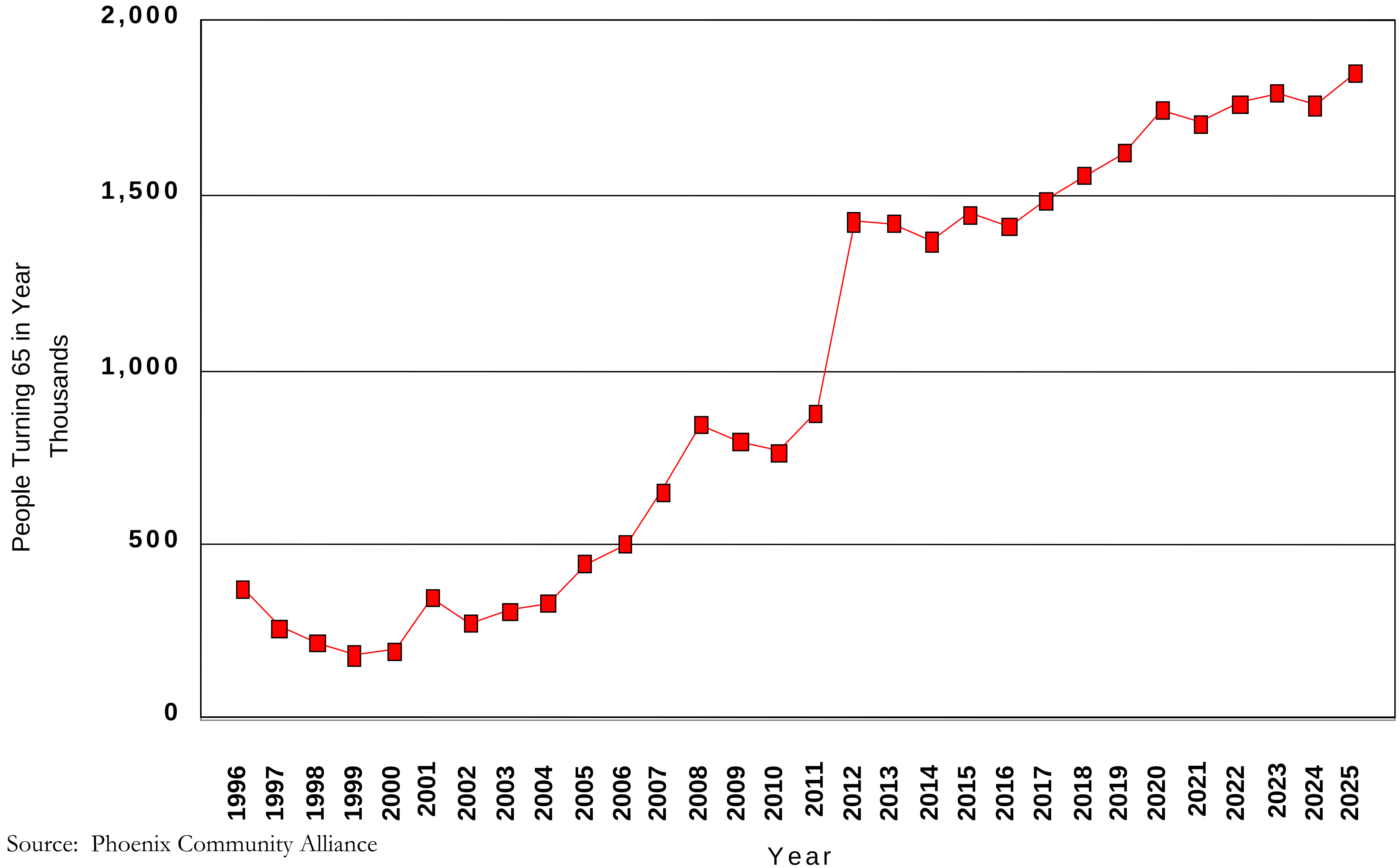
The consequences of high fuel prices

Sustained and increasing high fuel prices mean:

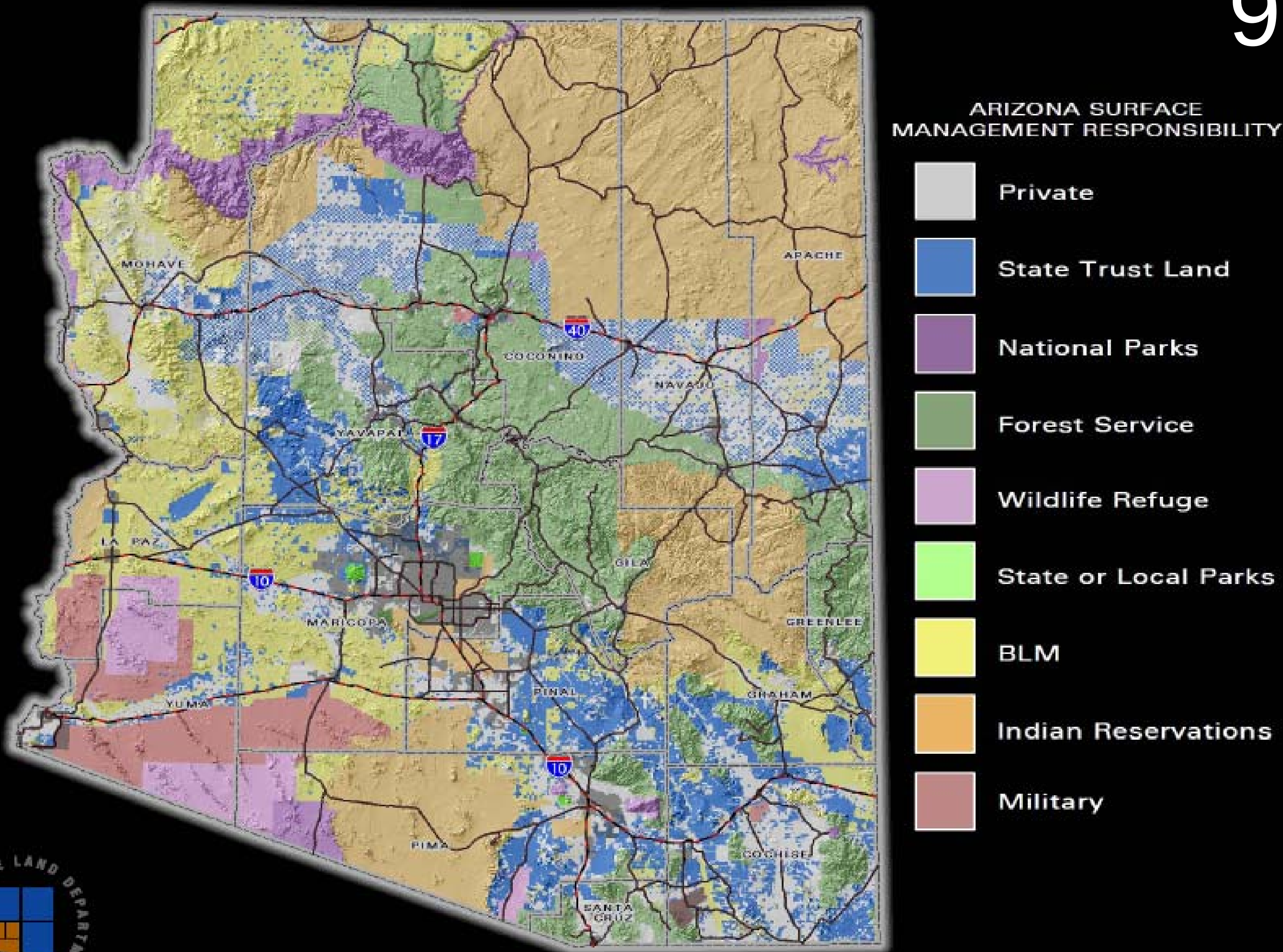
1. Less service to smaller airports
2. Higher prices
3. Larger regional equipment
4. Fewer flights
5. Growing reliance on international flights (more lucrative)

"Aviation in this country has been focused on low fares and not industry stability."

Source: John Heimlich, Air Transport Association



Source: Phoenix Community Alliance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State or Local Parks
BLM
Indian Reservations
Military
MOHAVE
COCONINO
NAVAJO
APACHE
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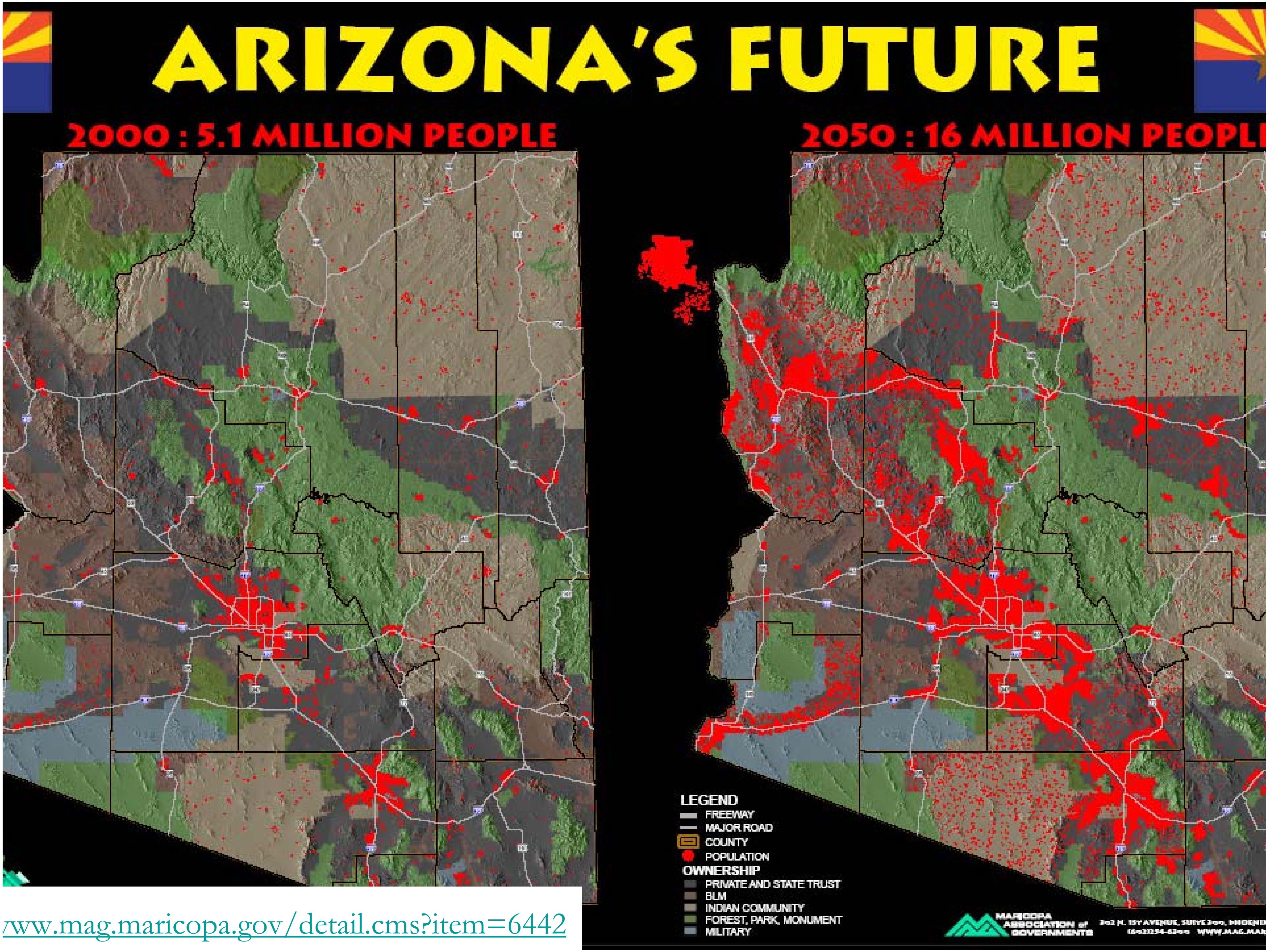

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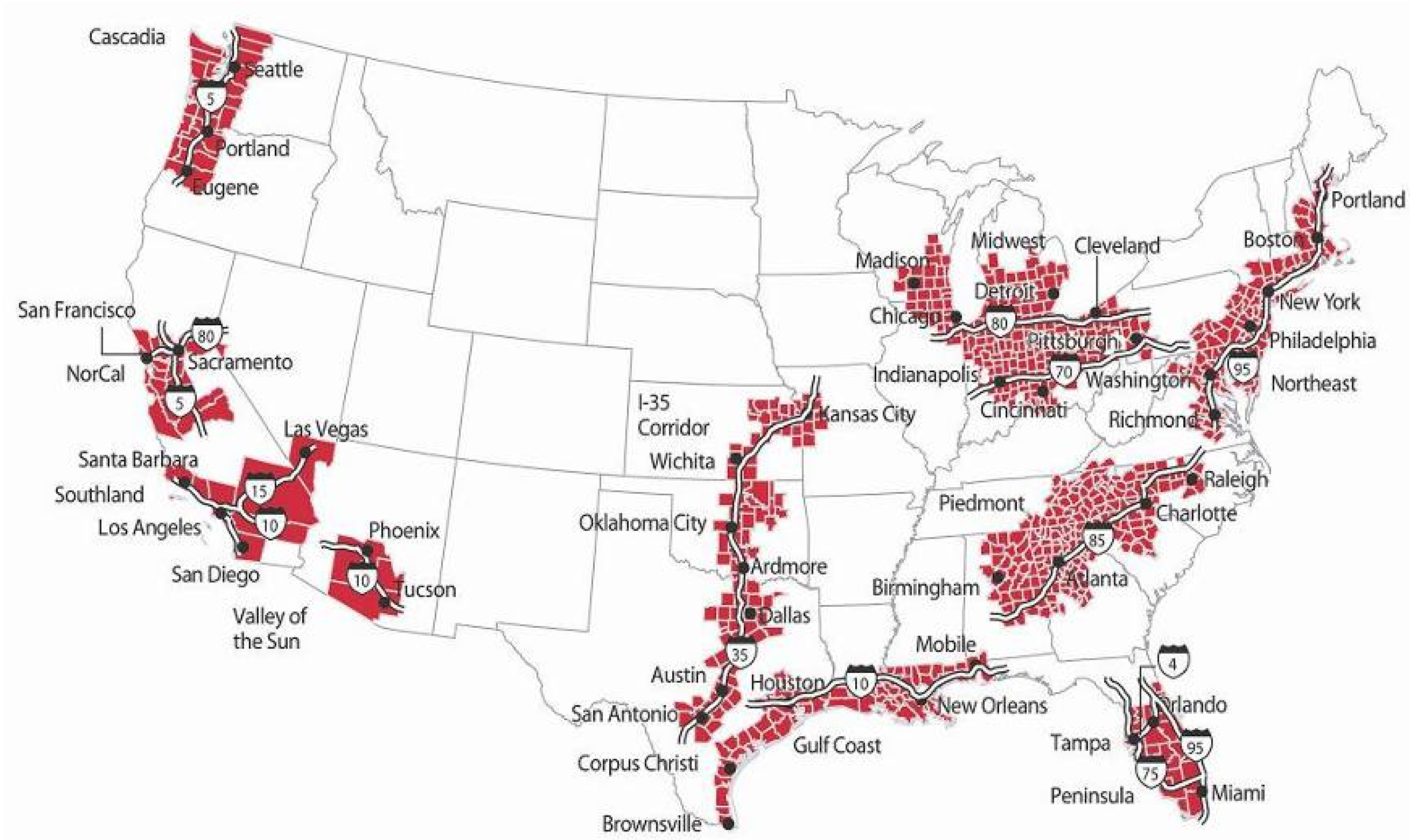
Megapolitan Regions



Source: Phoenix Community Alliance

Where do I find all of this valuable information?

www.azot.gov

http://www.azot.gov/

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THE OFFICIAL WEBSITE OF THE ARIZONA OFFICE OF TOURISM

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Welcome to Your Arizona Office of Tourism

Welcome to the Arizona Office of Tourism's (AOT) Travel Industry Web site. This business-to-business site was created to share travel-related industry trends, statistics and AOT Program information with our constituents.

AOT in Action

AOT in Action is a weekly e-newsletter distributed to more than 2,000 industry contacts, featuring the latest news, reports, statistical information and current events at the Arizona Office of Tourism and around the state, as well as industry news from throughout the tourism industry.

- AOT in Action Issue 217 - June 23, 2008 PDF
- Archives

Quick Links

- **Arizona Tourism University**
  More Info >>
- **AOT's Mission, Vision and Values**
  More Info >>

Crossroads

The Arizona Governor's Conference on Tourism

IT'S TOURISM TIME

The Arizona Governor's Conference on Tourism is the premier annual gathering of Arizona's tourism industry. The Governor's Conference provides a variety of educational

http://www.azot.gov/section.aspx?sid=12&psid=0

:: The Arizona Office of Tourism :: Research & Statistics

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AZ Tourism Indicators

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- Quarterly Newsletter
- Airport Passenger Volume
- Gross Sales & Tourism Taxes
- Local Visitor Information Centers
- Lodging Indicators
- National Park Visitation
- Painted Cliffs Welcome Center Visitation
- Phoenix Convention Center Visitor Center Visitation
- State Park Visitation

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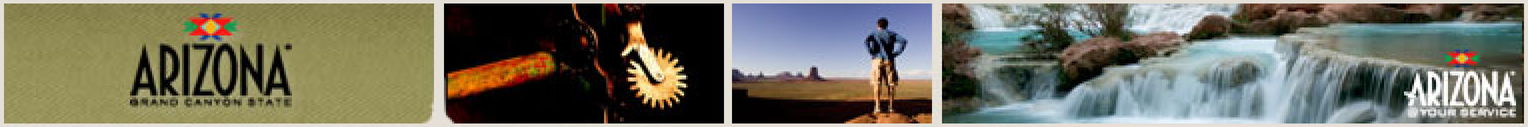
:: The Arizona Office of Tourism :: Economic Impact o...



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Economic Impact of the Travel Industry in Arizona

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These reports document the impact of traveler spending on Arizona's economy by tracking the resulting earnings, employment, taxes generated and the gross state product (GSP) of the travel industry.

- Arizona Travel Impacts 1998-2006 PDF
- Economic Impact Interactive Tool

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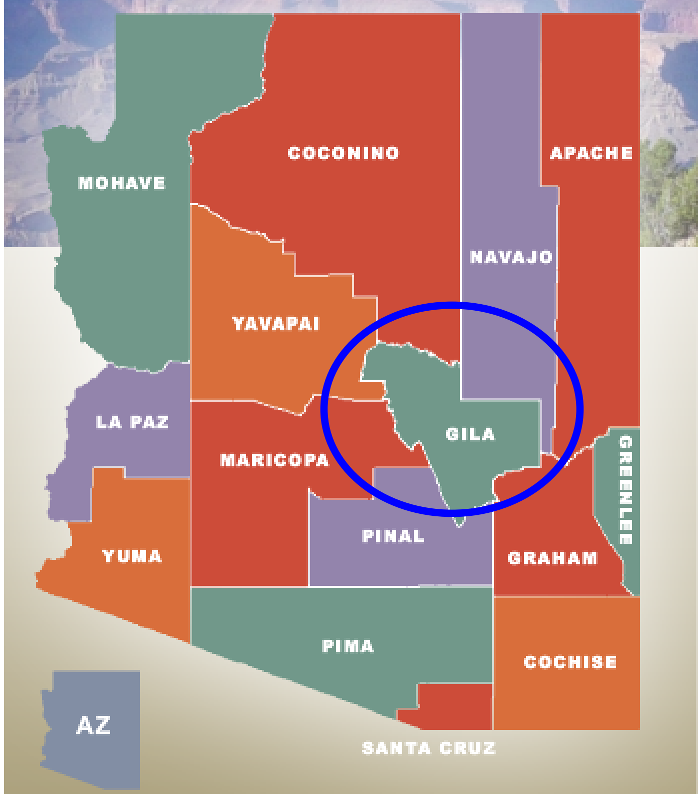
ARIZONA Travel Data



Travel Impacts Report

You now have direct access to travel impact data, as reported in the County Travel Impacts reports, prepared annually by Dean Runyan Associates, Inc. for the Arizona Office of Tourism. The Travel Impacts Report includes direct economic impacts of travel to and through Arizona and each of its 15 counties over the time period 1998 to 2006 (the estimates for 2006 are preliminary) in the categories listed below:

- Direct Travel Spending
- Direct Earnings
- Direct Employment
- Direct Tax Receipts

File Downloads

Arizona Travel Impacts Full Statewide Report (pdf)

<<< Select a County or State on the left to ACCESS DATA

Dean Runyan Associates

This web application was prepared for the Arizona Office of Tourism.

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http://www.azot.gov/section.aspx?sid=41&psid=12

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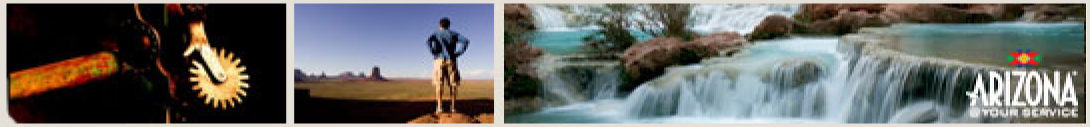

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Selected Research Reports

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- Verde Valley Regional Tourism Survey PDF
- Arizona Demographic and Population Trends PDF
- 2007 Governor's Conference Research Roundup Presentation PDF
- 2007 PF Chang's Rock 'n' Roll Marathon - Economic Impact - Executive Summary PDF
- Arizona Cultural Heritage Tourism Study Executive Summary PDF
- 2006 Top Private Attractions PDF
- 2006 Top Natural Attractions PDF
- Grand Canyon Visitor Study - Executive Summary PDF
- Statewide Tribal Visitor Survey - Executive Summary PDF
- Rural-Metro Tribal Visitor Survey - Executive Summary PDF
- Top Private & Natural Attractions Archive

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Questions?

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To learn more about AOT, go to www.azot.gov